THE SHEPPARD TRUST

England & Wales · Charity number 1133356

Details

Status	Registered
Legal form	Charitable company
Company number	06621820
Registered	2009-12-21
Register	View on the Charity Commission register

Contact

Address	The Sheppard Trust c/o Ayrton House London NW7 1WD
Phone	0300 012 0382
Email	chiefexec@sheppardtrust.org
Website	www.sheppardtrust.org

Activities

Objects: 3 The objects of the Charity are:3.1 the provision of housing accommodation including Social Housing for women who:3.1.1 are in need hardship and distress; and3.1.2 are aged 55 or over; and3.1.3 agree to abide by the following values which are based on the Christian faith:(a) kindness, consideration and compassion to others;(b) community spirit and co-operation; and(c) respect for everyone's rights, differences, dignity and choices.3.2 Such charitable purposes for the benefit of the residents as the trustees decide.3.3 In this Article 3 Social Housing shall have the same meaning as in section 68 of the Housing and Regeneration Act 2008 as such provision may be amended or replaced from time to time.

Activities: The Sheppard Trust is an almshouse charity. We provide housing for older women in need of low cost, comfortable and secure homes. Priority is given to those in greatest need. Residents live independently with the security of knowing their homes will remain affordable and well-maintained, and that support is on hand when needed: in emergencies or to help maintain independent living.

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Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** Accommodation/housing
- **Who:** Elderly/old People

Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
- Barnet
- Ealing
- Kensington And Chelsea
- Surrey

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£5,904,616	£6,098,941	£40,237,683	3
2024-03-31	£6,571,370	£5,980,414	£40,427,911	4
2023-03-31	£27,003,439	£822,445	£39,648,184	4
2022-03-31	£566,418	£773,989	£13,644,496	4
2021-03-31	£593,428	£647,794	£13,772,816	4

Trustees

Name	Role	Appointed
LINDA DAVIS	Chair	
Agnes Woolrich		2021-11-22
CHRISTINA JORDAN		2015-02-09
Claire Watson		2017-09-18
KEITH PERRY		
MARTYN ROBERT CARTER		2015-02-09
Melanie Saunders		2021-11-22
NEIL GRAHAM WHITE		2015-02-09

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Linked charities

- SHEPPARD TRUST (1133356-1)

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THE SHEPPARD TRUST

England & Wales - Charity number 1133356

Accounts

The Sheppard Trust

Annual Report and Financial Statements

31 March 2025

Company Limited by Guarantee
Registration Number
6621820 (England and Wales)

Charity registration number 1133356

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Board of Trustees as at 1 December 2025	Linda Davis, Chair Martyn Carter Christina Jordan, Vice Chair Keith Perry, Hon. Treasurer Melanie Saunders Claire Watson Neil White Agnes Woolrich
Chief Executive and Secretary	Clare Scott Booth
Registered address	c/o Buzzacott LLP 130 Wood Street London EC2V 6DL
Company registration number	6621820 (England and Wales)
Charity registration number	1133356
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Accountants	JS2 Ltd 1 Crown Square Woking GU21 6HR
Investment Managers	Rathbones Investment Management 30 Gresham Street London EC2V 7QN Cazenove Capital 1 London Wall Place London EC2Y 5AU

Principal Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB
Solicitors	Trowers and Hamlins LLP 3 Bunhill Row London EC1Y 8YZ
	Lester Aldridge LLP Mountbatten House Grosvenor Square Southampton SO15 2JU

The Sheppard Trust
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The Board of Trustees, whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the consolidated financial statements of The Sheppard Trust (the "Trust") and its subsidiary ST Property Company Limited for the year ended 31 March 2025.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 29 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

OUR PURPOSES AND ACTIVITIES

Providing Homes

Maintaining Independence

Community Spirit

The Sheppard Trust is an almshouse charity founded in 1855.

Its main charitable object is to provide low-cost housing for women who are in need, hardship or distress, who are aged 55 or over and who share our community values. In practice the trustees normally accept applications from women aged 65 or over, in order to prioritise those most in need of the type of housing and support available.

The Trust's main activity is providing housing that enables residents to live comfortably and independently in their own accommodation, with access to support and care when it is needed. Sheppard Trust residents have the security of knowing that their homes will remain affordable and well maintained, and that support is on hand.

The Trust's activities are underpinned by a strong set of values: that the residents should feel comfortable, warm and secure in their homes; that their independence, privacy and dignity should always be respected; that their homes, the utility services and safety systems should be maintained to a high standard; that they should be well-supported at times of ill health or other need; and that a mutually supportive community spirit should develop through a range of social activities. All the activities undertaken are informed by these values.

Priority is given to those in the greatest need and residents often come to us from insecure or unsettled accommodation. The majority of the residents receive housing benefit and other welfare benefits, and those who are ineligible for this support nevertheless have incomes and savings far from adequate to buy or privately rent a home in or near to London.

The Trust's work contributes to reducing homelessness amongst older people, and reducing social care costs by helping residents remain independent and active. The trustees firmly believe that the provision of affordable housing for those in need is for the public benefit, and the Board confirms that in planning its activities it has had regard to the Charity Commission's general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

This year was a momentous year for The Sheppard Trust as we left our former properties at Lansdowne Walk. Both the Trust and our residents moved to temporary accommodation whilst we build our new home: 82 Hurst Road, East Molesey. (see Future Plans below).

We are delighted to be working with Birchgrove Life LLP and their team at Ayrton House, Mill Hill. 21 of our residents and the Trust's office address moved to Ayrton House. Ayrton House, located on the site of the iconic former Medical Research Institute, offers self-contained, purpose-built apartments designed to meet the needs of people in later life. Many of the apartments boast breathtaking views of the picturesque Totteridge Valley countryside. A weekly programme of events and activities offers opportunities to socialise or relax with neighbours or try out new hobbies or pursuits.

Four residents moved to Glassworks Court, Greenford, where they live independently in new purpose built apartments. Two now former residents chose to move to other accommodation.

The move brought to a close over 80 years at Lansdowne Walk. The Trust purchased numbers 3 and 4 Lansdowne Walk in 1936, 12 Lansdowne Walk in 1946, 2 Lansdowne Walk in 1954 and 14 Lansdowne Walk in 1957. In the late 1970s to early 1990s, the former bedsit accommodation was converted into one bedroomed and studio flats housing 29 residents. The Trust also owned 18 Lansdowne Walk between 1948 and 1960. We hold the names of over 270 women who found a home with the Trust at Lansdowne Walk from the 1940s onwards and it is possible there could be up to 50 or so more whose names we no longer have recorded.

The Trust's focus for the year was supporting its residents before, during and after the move, whilst also commencing construction of its new building. A comprehensive move package was put in place to fully support our residents including consultation on locations, dedicated support from a move coordinator, individualised move planning, accompaniment and unpacking help on move day, support with new benefit claims and address changes, help to access services in the new area. The Trust funded all the costs of the move and provided grants to help residents settle in and make their temporary apartments a home.

In addition we continued to provide a support service to maintain independent living, including welfare visits, help to those going into or leaving hospital, help to arrange and access health services and social activities, advocating for our residents with social services and care agencies as needed.

The Trust closed its waiting list and stopped taking new residents in advance of the move, but continues to maintain a list of suitable women interested in joining us in the future.

Residents continued to enjoy a programme of outings and events, including concerts, the Hampton Court Christmas Fayre, a trip to the ballet, as well as social events in the houses and at Ayrton House. Residents were also involved in continued consultation and information sessions to develop our new scheme.

All the proceeds from the sale of the Lansdowne Walk properties are being invested in our new scheme, 82 Hurst Road.

FUTURE PLANS

The Sheppard Trust has for some years been committed to an ambitious vision for a brand new, fit for purpose housing scheme, where its residents can enjoy excellent facilities and a home that meets their needs for life, and where it can double the number of beneficiaries. We continued to work towards realising this vision which is now in sight.

Housing for older people has never been more important and there is a huge need for good quality, affordable provision for those of limited means to buy or rent property.

The Trust's previous properties at Lansdowne Walk served their purpose well for many years in providing secure and comfortable homes, but eventually the physical limitations of the current buildings became too restrictive. The issues we faced included access, steps, space standards, poor noise and heat insulation, poor energy performance, limited communal spaces, and other significant limitations in how the properties could be adapted to meet modern and future best practice in housing for older people. The age of the buildings made it challenging to create homes with low maintenance and running costs, or to meet the aspirations of future generations.

As a result, the trustees concluded that continuing to maintain and attempting to upgrade these Victorian homes was not good value for money, and therefore for some years they pursued a strategy to relocate the Trust to modern purpose built homes designed for the needs of older people and located in a more affordable area. The Lansdowne Walk properties were sold in 2023 on a sale and leaseback basis, and the Trust left the buildings in late 2024.

The vision is for housing which will enable residents to remain in their homes much longer in life and in most cases for the rest of their lives, and also to provide for a greater number of beneficiaries. Our vision also includes a tailored on-site support offer and access to care services to meet individual needs and a range of community activity giving choices for an active and fulfilling old age.

The Trust started its search for a suitable site in the Royal Borough of Kensington and Chelsea, where its current properties are located, but gradually widened the area of search over the past ten years as it became increasingly apparent that no suitable and affordable sites were viable prospects within the borough. Sites throughout the West London area and just outside were also considered. After this long search, the trustees announced in October 2018 that an agreement had been reached with the Royal Cambridge Home to purchase part of their site in East Molesey, near Hampton Court, subject to planning permission. The site is situated in a very pleasant residential area with access to shopping and leisure facilities and there is easy access to Central London in just over half an hour from Hampton Court station.

There are mature trees on all sides and significant green spaces as well as easy level access to the Thames riverside with its walking paths and cafes.

Planning permission was granted in October 2021 for a scheme including 60 large one bedroom flats for the Sheppard Trust, which will house our current residents, women on our waiting list, and local women in need of low cost housing. There will be a range of communal facilities – a lounge, café, hairdressing/therapy room, wellbeing/physical activity room, meeting room and other useful spaces for meeting together. The housing will meet high modern standards in terms of space standards, future adaptability including wheelchair use and assistive technologies, sound and heat insulation, energy performance and security, based on the HAPPI standards which set out best practice for older people's housing. It will have a residential character that promotes independence and avoids an institutional atmosphere.

A brand-new care home for the Royal Cambridge Home has already been completed on the remainder of the site. The two buildings, and the two charities, will be separate but will complement each other.

Work continued at pace on bringing this scheme to reality. The care home construction started in 2023 and completed in July 2024. The Royal Cambridge Home then vacated their previous site and the land was transferred to the Sheppard Trust on 6 September 2024. On 17 September 2024 a building contract was signed for the new Sheppard Trust building and construction of 82 Hurst Road began. We expect to be open in the summer of 2026.

82 Hurst Road is an exciting development which will enable us to offer homes which truly meet our residents' needs into old age, enable us to offer homes for life in most cases, and double the number of beneficiaries that the Trust is able to help.

The development work is being undertaken by the Trust's wholly owned subsidiary company, ST Property Company Limited. This is in order to ringfence the charity from some of the risks of entering into construction contracts and also for tax effectiveness. The company has entered into a deed of covenant so that all its profits will be gifted to the charity.

The Trustees had very much hoped to avoid the need for interim accommodation but as the sale agreement and building developments progressed it became apparent that this would be necessary. The Trustees appreciate the impact on our current residents and thank them for their patience. Our residents have been offered high quality interim accommodation and they will be guaranteed a brand new flat in our new scheme, but moving house, particularly at an advanced age, can be daunting and stressful. We are seeing to all the business of moving at no cost to our residents and support them through the whole process. We offered a package of support and assistance to residents who wished to remain close to our current location or to move elsewhere and a small number took this up or moved to alternative interim accommodation which better met their needs and preferences.

Our continued objective is to safeguard the future of the Sheppard Trust by providing modern accommodation which meets its current and future residents' needs for many years to come, as well as doubling the number of women in need who we are able to help.

FINANCIAL REVIEW

The financial results of the Trust were significantly influenced by the move to temporary accommodation and by the construction work for 82 Hurst Road commencing. The cash funds invested from the property sale generated significant investment income which supported the capital project budget. Expenditure increased because the Trust leased the temporary accommodation and is subsidising its residents by charging rents they can afford. There was a deficit for the year of (£190,229).

The Board of Trustees remains satisfied that the underlying financial position of the Trust is secure.

Review of business

The Trust's income for the period under review, decreased from £2,010,718 to £1,657,428. The main reason for this was a decrease in investment income as the investments are being used for the building construction. In addition residents' weekly maintenance contribution income decreased due to a reduction in resident numbers and lower weekly charges. Expenditure increased from £1,419,762 to £1,869,943. This was primarily because the charity paid rent for residents as noted above, and there was an overlap period whilst residents moved when rent was being paid in both locations.

There was a deficit of income over expenditure for the year of (£212,515) (2024 – surplus of income over expenditure of £590,956). Together with gains on investments and actuarial losses this resulted in a net decrease in funds of (£190,229) (2024 – increase of £779,727).

At 31 March 2025, the Trust's total reserves amounted to £40,237,682 (2024 - £40,427,911). Of this, £16,609,456 (2024 - £15,929,329) related to special trust funds, which consist of investments and proceeds of sale of property endowed to the unincorporated charity. These proceeds of sale are being reinvested in 82 Hurst Road, an appropriate portion of which will be endowed to the unincorporated charity. The purposes of these funds are described in more detail on page 36.

Unrestricted reserves have decreased from £24,498,582 to £23,772,099. It remains the Trust's policy to invest a very large part of its reserves in new housing for a greater number of beneficiaries.

Reserves policy

The Sheppard Trust holds reserves for three main purposes:

- To cover fluctuations in working capital, and to cover expenditure in the event of unexpected circumstances such as an unforeseen drop in investment income or vacancies in the accommodation;
- To ensure funds are available when needed for major property repairs above and beyond the normal annual expenses of maintenance; and
- To spend, over the next two years, on expanding the charity's activities by providing new, modern accommodation for a much greater number of beneficiaries.

Once a beneficiary has been accepted, the Trust aims to support and enable her to stay in her home in the Trust's property for as long as possible, and it therefore has a long term commitment to maintain its properties to a suitable standard and to support its beneficiaries.

The Board has reviewed the reserves and concluded that a suitable level of free reserves for the first two purposes is c.£3m, taking into account their plans for a new property housing twice as many beneficiaries, and the preliminary operating budgets. Once 82 Hurst Road is opened a sinking fund for maintenance will also be established.

The Board intend to spend the reserves in excess of this on new accommodation. Currently reserves are already being used to fund the development of 82 Hurst Road.

As at 31 March 2025 the general reserves stood at £23.7m. The trustees therefore consider that £3m of this should be held as ongoing reserves and the remainder of £20.7m is available to be spent on this exciting project, as well as the proceeds of sale of property held in the special trust funds. The trustees are keeping the levels of reserves under review as the project progresses.

The trustees invest the ongoing reserves in order to contribute to the Trust's income and aim to match the liquidity of the investments to the predicted needs for cash. Reserves intended to be spent on the construction of 82 Hurst Road are held as cash, cash equivalents or in cash funds to reduce the risk of fluctuations in value.

Going concern

The Trust has relatively stable sources of income and a high level of capital and reserves and its main source of income has not been materially disrupted by external factors. Whilst economic uncertainty and inflationary pressures do affect the Trust, increased interest rates and maintenance charges mitigate this. The Board of Trustees are wholly confident that the Trust has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Investment policy

The general objectives of the Trust's Long Term Investment Policy are to produce a reasonable level of distribution from the investments to help the Trust meet its commitments, and for the capital to grow over time at least in line with inflation.

The objectives are to be achieved by investing prudently in a broad range of quoted fixed interest securities and equities and collective investment vehicles (such as unit trusts) which are appropriately authorised and compliant with current legislation. Direct bonds held will be investment grade or above. Investments in unquoted securities and derivatives are not permitted.

There are no explicit ethical restrictions with regard to investment, but trustees reserve the right to exclude companies that carry out activities contrary to the charity's purposes or to exclude holding particular investments that could damage the charity's reputation. Trustees expect the fund manager to have considered the suitability of investments. The investment manager will take into account environmental, social and governance factors in their investment process and their investment selections.

The Trust has appointed Rathbones Investment Management, who have confirmed that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, as investment managers with delegated discretionary powers of investment. Rathbones report on performance quarterly.

The Trustees are permitted to apply both income and capital in carrying out the Trust's objectives and believe that a total return approach to investment allows for greater flexibility in the range of assets available than can be achieved with an approach with an income bias. The portfolio is measured against a customised benchmark comprising: 10% FTSE Government All Stocks Index, 78% FTSE All World Index, 2% IPD Index, 8% alternative assets and 2% prevailing cash rates. Longer term performance will be measured against a CPI + 3.5% objective. Over the 12 month period the portfolio underperformed the benchmark by 0.2% and the CPI+3.5% objective was exceeded by 5.4%.

The Trust also held short term investments which represented the proceeds of the Lansdowne Walk properties and other funds being held to meet the construction costs of 82 Hurst Road. The objective for these funds is to minimise risk to the capital whilst achieving a return in the short term. This objective is met by investing in cash funds. The Trust has appointed Cazenove Capital to manage the cash fund portfolio.

Principal funding sources

The Trust's total income for the year ending 31 March 2025 was:

	2025 £	**%**	2024 £	%
Income from residents' maintenance contributions	**481,670**	**29%**	537,682	26%
Investment income	**1,172,793**	**71%**	1,470,888	74%
Donations and legacies	**2,965**	**0%**	2,148	0%
	1,657,428	**100%**	2,010,718	100%

Fundraising

The Trust is very grateful to the donors who supported our work during the year. They enabled us to provide additional support and services to our residents that might not otherwise be possible. The Trust is also grateful to those who support our work with a legacy. Legacy income is helping us to fund our future plans to help more beneficiaries in modern accommodation.

Donations (other than legacies) form a very small proportion of the Trust's income (under 1%). There is a small group of regular donors giving either annually or more frequently. The main fundraising methods are writing occasionally to our supporters about our work, and placing legacy advertising in suitable journals. The Trust does not use any professional fundraisers or commercial participators. As the Trust is small and fundraising is a minor part of its activity, it has not yet signed up to any voluntary fundraising schemes or standards. The Trustees are not aware of any external fundraising carried out on the Trust's behalf nor have they encouraged any.

During the year the Trust also commenced work on a small programme of capital grant fundraising towards non-building items at 82 Hurst Road to begin in earnest later in 2025.

No complaints were received about the Trust's fundraising activity during the year. The Trust has taken steps to protect vulnerable people and others from unreasonable activity, persistent approaches or undue pressure to give. All our supporters are invited to express their contact preferences and contact is only made in accordance with these preferences. For most supporters this is a single letter and annual report once each year. We include clear contact details on all communications so that our supporters can raise any issues or change their contact preferences. We respect our supporters' decisions including a decision to stop giving, with gratitude for their past support.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sheppard Trust is a company limited by guarantee (Company No. 6621820) and a charity registered with the Charity Commission in England and Wales registered charity (Charity No. 1133356). It was incorporated on 17 June 2008 and its governing documents are the Memorandum and Articles of Association.

The charity has a linked subsidiary charity, also known as Sheppard Trust, governed by a scheme of 1932 as subsequently amended. The Charity Commission issued a uniting direction on 5 August 2010 to link it with the incorporated charity. The unincorporated charity remains a separate entity and subsidiary of the incorporated charity, with the trusteeship of the endowment fund being vested in the incorporated charity.

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and commenced trading on 1 April 2018. The company has been set up to carry out property development projects on behalf of the charity.

The charity's Articles of Association stipulate that the Board of Trustees shall consist of not fewer than six or more than eleven trustees/directors and that at least four of the trustees/directors shall be female. When vacancies arise, the Board reviews the skills and experience available to it through its current members and recruits to fill identified gaps in knowledge or expertise.

Normally trustees serve for no more than three terms of three years, nine years in total. However due to the need for continuity over this crucial stage in the charity's development plans, the Board has agreed to extend the terms of some trustees. To avoid a gap when these very experienced trustees retire, the Board is developing a succession plan to ensure a smooth transition and a staggered handover after 82 Hurst Road opens.

The following members of the Board of Trustees served during the period:

	Appointed/Retired
Linda Davis, Chair	
Martyn Carter	
Amelia Gosal	Retired 22 November 2024
Christina Jordan, Vice Chair	
Keith Perry, Hon Treasurer	
Melanie Saunders	
Claire Watson	
Neil White	
Agnes Woolrich	

The Board takes responsibility for all strategic decisions and monitors the Trust's performance throughout the year. The Board normally meets six times each year. It is supported by two sub-committees – Finance Committee, and Appointments and Wellbeing Committee. The Board delegates responsibility for the day-to-day operation of the Trust to the Chief Executive. A Project Control Group has been set up to support the Board with its strategic development plans.

The Sheppard Trust is a member of both the National Housing Federation and the National Association of Almshouses. The Trust has adopted the latter body's 'Standards of Almshouse Management, a Guide to Good Practice'.

The Trust has adopted the Charity Code of Governance which it is using as a tool for continuous improvement. The Board has reviewed the charity's performance against the code and developed an action plan for improvement, taking into account the small size of the charity and its other commitments at this stage in its development. The two key areas that the Board has identified for further work are a more structured approach to reviewing and evaluating the board, and a detailed review of equality, diversity and inclusion.

None of the Trustees receives any remuneration from the charity. No related party transactions were reported, other than transactions with the charity's subsidiary.

Key management personnel

The Trustees consider that they, together with the Chief Executive, are the key management personnel in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

The remuneration of the Chief Executive and other staff is reviewed annually by the Finance Committee on behalf of the Board, taking into account increases in average earnings and other relevant market information, and changes reported to the Board.

No members of the Board were remunerated for their services to the Trust during the year.

Risk management

The Board is responsible for the management of risks faced by the Trust and, through its Chief Executive, ensures that appropriate systems are maintained, that new risks are identified as they arise and appropriate controls established. The Board has established a risk policy and a register of key risks which focuses on high-impact risks and which is regularly updated and presented at each meeting. By managing risk effectively, we try to ensure that:

- significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
- the charity makes the most of opportunities and develops them with the confidence that any risks will be managed;
- forward and strategic planning are improved;
- the charity's aims are achieved more successfully.

The systems of control operated by the Trust are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key controls include detailed consideration by the Finance Committee of proposed budgets and regular management accounting information; agreed financial procedures defining, among other things, spending levels and which are regularly reviewed; regular review of the waiting list and resident welfare by the Appointments and Wellbeing Committee and regular review of health and safety compliance information by the Board.

The key risks currently facing the charity are

- external and internal factors preventing its future development plans being achievable at an acceptable cost or because insufficient resources are available. This includes inflationary increases in construction costs due to ongoing global economic circumstances. It also includes delays resulting in increased costs or affecting grants or borrowing;
- the risks associated with maintaining the health, safety and welfare of its elderly residents, including safeguarding risks, particularly during the move process;
- the risk of loss of income or excessive expenditure.

The Board has carried out a risk assessment specifically to identify the risks associated with the Trust's development strategy. The main areas of risk include future construction costs, and government policy on revenue funding. There are also risks associated with economic uncertainty as a result of world events.

The Trust is addressing these risks by

- Scrutiny and monitoring of the development project by a designated Project Control Group so that mitigating actions can be taken, regular budget and resource reporting and development of a project governance system.

- Developing comprehensive health and safety systems for 82 Hurst Road. Regular reviews of health and safety in the interim accommodation. Specific risk assessments for the moves to ensure resident safety. Ensuring that safeguarding policies and procedures are in place and that a safeguarding culture is developed.

- Periodic value for money exercises on specific aspects of expenditure.

The Board recognises that its systems provide reasonable, but not absolute, assurance that risks are being adequately managed, but believes that the major risks facing the Trust have been identified and that systems are in place to mitigate the effects of them.

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Board of Trustees (whose members are also the directors of The Sheppard Trust for the purposes of company law) is responsible for preparing the Board report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;

- observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);

- make judgements and estimates that are reasonable and prudent;

- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

Each member of the Board confirms that:

- so far as the Board Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Board Member has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Report of the Board of Trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees and signed on its behalf by:

Linda Davis, Chair
1 December 2025

Independent auditor's report to the members of The Sheppard Trust

Opinion

We have audited the financial statements of The Sheppard Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2025 which the comprise the group statement of financial activities, the group and charitable parent company balance sheets and consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 March 2025 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees', which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Trustees, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Board responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- We identified the laws and regulations applicable to the group through discussions with key management and from our knowledge and experience of the sector in which the group operates;

- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the group. These included but were not limited to the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities

preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and representatives of those charged with governance.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Performed substantive testing on expenditure including the authorisation thereof;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Trustees' meetings; and
- Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Mackereth (Senior Statutory Auditor)

For and on behalf of Buzzacott Audit LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date: 3 December 2025

Consolidated statement of financial activities Year to 31 March 2025
(incorporating the income and expenditure account)

	Notes	Unrestricted funds £	Special trust funds £	**Total 2025 £**	Total 2024 £
Income from:					
Charitable activities	1	481,670	—	**481,670**	537,682
Investments and interest receivable	2	474,110	698,683	**1,172,793**	1,470,888
Donations and legacies	3	2,965	—	**2,965**	2,148
Other trading activities		4,247,188	—	**4,247,188**	4,560,652
Profit on disposal of tangible fixed assets		—	—	—	—
Total income		5,205,933	698,683	**5,904,616**	6,571,370
Expenditure on:					
Charitable activities	4	1,797,353	19,552	**1,816,905**	1,362,969
Trading expenditure		4,228,998	—	**4,228,998**	4,560,652
Raising funds	5	53,038	—	**53,038**	56,793
Total expenditure		6,079,389	19,552	**6,098,941**	5,980,414
Net (expenditure) income before (losses) gains on investment assets		(873,456)	679,131	**(194,325)**	590,956
Net investment gains (losses)	9	9,100	996	**10,096**	209,771
Net income (expenditure)		(864,356)	680,127	**(184,229)**	800,727
Other recognised gains and losses					
Actuarial (losses) gains	16	(6,000)	—	**(6,000)**	(21,000)
Net movement in funds		(870,356)	680,127	**(190,229)**	779,727
Reconciliation of funds					
Fund balances at 1 April 2024		24,498,582	15,929,329	**40,427,911**	39,648,184
Fund balances at 31 March 2025		23,628,226	16,609,456	**40,237,682**	40,427,911

All trading activity is performed by ST Property Company Limited, a 100% subsidiary of The Sheppard Trust and a separate Charity SOFA is not produced. Details of ST Property Company results are in note 9.

Consolidated statement of financial activities Year to 31 March 2025
(incorporating the income and expenditure account)

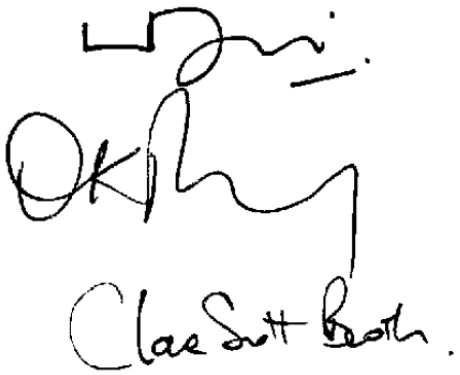
Comparative statement of financial activities – year ended 31 March 2024

	Notes	Unrestricted funds £	Special trust funds £	Total 2024 £	Total 2023 £
Income from:					
Charitable activities	1	537,682	—	537,682	480,747
Investments and interest receivable	2	739,666	731,222	1,470,888	160,118
Donations and legacies	3	2,148	—	2,148	39,814
Other trading activities		4,560,652	—	4,560,652	—
Profit on disposal of tangible fixed assets		—	—	—	26,322,760
Total income		5,840,148	731,222	6,571,370	27,003,439
Expenditure on:					
Charitable activities	4	1,337,348	25,621	1,362,969	797,029
Trading expenditure		4,560,652	—	4,560,652	—
Raising funds	5	56,793	—	56,793	25,416
Total expenditure		5,954,793	25,621	5,980,414	822,445
Net (expenditure) income before (losses) gains on investment assets		(114,645)	705,601	590,956	26,180,994
Net investment gains (losses)	9	189,088	20,683	209,771	(182,306)
Net income (expenditure)		74,443	726,284	800,727	25,998,688
Other recognised gains and losses					
Actuarial (losses) gains	16	(21,000)	—	(21,000)	5,000
Net movement in funds		53,443	726,284	779,727	26,003,688
Reconciliation of funds					
Fund balances at 1 April 2023		24,445,139	15,203,045	39,648,184	13,644,496
Fund balances at 31 March 2024		24,498,582	15,929,329	40,427,911	39,648,184

Balance Sheets At 31 March 2025

	Notes	**Group 2025 £**	**Charity 2025 £**	Group 2024 £	Charity 2024 £
Fixed assets					
Investments	9	**2,607,119**	**2,607,120**	2,641,684	2,641,685
Tangible Fixed Assets	8	**19,093,327**	**19,325,165**	-	-
		21,700,446	**21,932,285**	2,641,684	2,641,685
Current assets					
Debtors	11	**4,025,730**	**8,484,218**	12,621,054	12,917,363
Investments	10	**16,304,247**	**16,304,247**	22,991,000	22,991,000
Short term deposits		**9,417**	**9,417**	1,313,355	1,313,355
Cash at bank and in hand		**803,604**	**591,662**	2,398,714	2,321,309
		21,142,998	**25,389,544**	39,324,122	39,543,027
Creditors: amounts falling due within one year	12	**(2,197,761)**	**(6,300,436)**	(1,499,895)	(1,426,381)
Net current assets		**18,945,237**	**19,089,108**	37,874,227	38,116,646
Total assets less current liabilities		**40,645,683**	**41,021,393**	40,465,911	40,758,331
Provision for liabilities	13	**(408,000)**	**(408,000)**	(38,000)	(38,000)
Total net assets		**40,237,683**	**40,613,393**	40,427,911	40,720,331
The funds of the charity:					
Funds and reserves					
Unrestricted funds					
. General fund		**23,628,227**	**24,003,937**	24,498,582	24,791,002
Special trust funds	14	**16,609,456**	**16,609,456**	15,929,329	15,929,329
		40,237,683	**40,613,393**	40,427,911	40,720,331

The accounts were approved by the Board of Trustees on 1 December 2025 and signed on their behalf by:



Linda Davis, Chair

D Keith Perry, Treasurer

Clare Scott Booth, Chief Executive

The Sheppard Trust, Company Limited by Guarantee
Registration Number 6621820 (England and Wales)

Consolidated statement of cash flows Year to 31 March 2025

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**(154,884)**	18,578,059
Cash flows from investing activities:			
Sale/(purchase) of fixed assets		**(10,648,372)**	**—**
Investment income		**1,172,794**	1,470,888
Decrease/(increase) in short term deposits		**1,303,938**	875,650
Proceeds from current asset investments		**6,686,753**	
Proceeds from the disposal of investments		**332,074**	2,433,357
Purchase of investments		**(337,872)**	(23,554,305)
Net cash provided by (used in) investing activities		**(1,490,685)**	(18,774,410)
Change in cash and cash equivalents in the year		**(1,645,569)**	(196,351)
Cash and cash equivalents at 1 April 2024		**2,469,850**	2,666,201
Cash and cash equivalents at 31 March 2025	B	**824,281**	2,469,850

Notes to the statement of cash flows for the year to 31 March 2025.

A Reconciliation of net movement in funds to net cash used in operating activities

	2025 £	2024 £
Net movement in funds (as per the statement of financial activities)	**(190,228)**	779,727
Adjustments for:		
Depreciation charge	**—**	**—**
Losses/(gains) on investments	**(10,096)**	(209,770)
Sale of fixed assets	**—**	**—**
Investment income	**(1,172,794)**	(1,470,888)
Decrease/(increase) in debtors	**523,368**	20,127,050
(Decrease)/increase in creditors	**697,866**	(660,060)
Increase/(decrease) in provision for pension liabilities	**(3,000)**	12,000
Net cash used in operating activities	**(154,884)**	18,578,059

B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	**803,604**	2,398,714
Cash held by investment managers	**20,677**	71,136
Total cash and cash equivalents	**824,281**	2,469,850

	At 31 March 2024 £	Cash flows £	**At 31 March 2025 £**
Cash at bank and in hand	2,398,714	(1,595,110)	**803,604**
Cash held by investment managers	71,136	(50,459)	**20,677**
Total net cash (debt)	2,469,850	(1,645,569)	**824,281**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2025. The financial statements are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate each reporting line of the financial statements of The Sheppard Trust and its subsidiary company, ST Property Company Limited, made up at the balance sheet date.

No separate statement of financial activities or statement of cash flows has been presented for the charity alone, as permitted by s408 of the Companies Act 2006 and the Charities SORP FRS 102. The charity had total income in the year of £1,717,630 (2024 - £2,067,591), total expenditure of £1,828,664 (2024 - £1,549,779) and net investment gain and actuarial losses of £4,096 (2024 - £188,770 losses) resulting in a net deficit of £106,939 (2024 – surplus of £706,582).

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- valuation of listed investments using published market prices as a best indicator of fair value;
- assessment of a discount rate to consider whether the discounting of future cash flows is material;
- estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation;

- in the prior year professional fees in connection with the development work had been treated as a prepayment on the basis that future economic benefits would be realised from these costs. Further details are included under future plans within the report of the Board of Trustees; and

Assessment of going concern

The Board of Trustees has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Board of Trustees of the charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. The Board is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and residents' maintenance contributions.

Donations received are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Dividend income is apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from residents' maintenance contributions is credited on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.

- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include property expenditure, social expenditure and grants to residents.

The charity makes grants to self-funded residents to support the payment of weekly maintenance contributions. These grants are recognised in full in the year they are awarded, unless the recipient has to fulfil performance conditions before the grant is released.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of staff time.

Tangible fixed assets

Expenditure on furniture, computer equipment, fixtures and fittings is written off in the year in which it is incurred except in the case of amounts of a non-recurring nature in excess of £10,000. These are capitalised and depreciated on a straight-line basis over four years.

Tangible fixed assets are stated at cost. Depreciation is provided on relevant tangible assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life.

Listed investments

Listed investments held as non-current assets and current asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains or losses on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year end and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains or losses are apportioned between funds in the ratio of the market value of separate funds at the beginning of the accounting period.

The Trustees monitor the underlying risks to which the investments are exposed by regular meetings and reviews with the investment managers. The risks to which the investments are exposed include market and credit risk. The exposure to market risk is mitigated by the Trust investing in a diverse portfolio of investments across various markets. Current asset investments are exposed to credit risk by this pooled fund being invested in short dated bonds and near cash investments. The risk is mitigated by the pooled fund being actively managed by the fund manager.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015.

The company was active from 1 April 2018. Results have been consolidated on a line by line basis.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

Special trust funds comprise monies for which the charity has responsibility in trustee capacity. Income from the endowment fund can be used for general purposes and is credited directly to unrestricted reserves, unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

Pension contributions

The Trust participates in The Social Housing Pension Scheme (SHPS), a multi-employer pension plan which is funded and contracted out of the state scheme. Pension liabilities in respect of the defined benefits section of the Scheme are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as other recognised gains or losses.

Additional disclosures in relation to the pension plan are given in note 14.

Pension costs in respect of the defined contribution section of the plan are recognised when payable on an accruals basis.

Share capital

The company is limited by guarantee and has no share capital. Each member of the company guarantees to subscribe such amount as may be required for the purposes of the company, not exceeding £1 sterling.

1 Income from charitable activities

	Unrestricted funds	
	2025	2024
	£	£
Residents' maintenance contributions	**481,670**	537,682

2 Income from investments

	Unrestricted funds	Restricted funds	**Total 2025**
	£	£	**£**
UK listed investments			
. Equities and unit trusts	40,953	—	**40,953**
. Fixed interest	368,804	698,683	**1,067,487**
Bank interest	64,353	—	**64,353**
2025 Total funds	474,110	698,683	**1,172,793**

Costs relating to the investment portfolio are shown in note 5.

	Unrestricted funds	*Restricted funds*	*Total 2024*
	£	*£*	*£*
UK listed investments			
. Equities and unit trusts	*48,380*	**—**	*48,380*
. Fixed interest	*460,634*	731,222	*1,191,856*
Bank interest	*230,652*	—	*230,652*
2024 Total funds	*739,666*	*731,222*	*1,470,888*

3 Donations and legacies

	Unrestricted funds	
	2025	2024
	£	£
Donations	**2,965**	2,148
Legacies	**—**	**—**
	2,965	2,148

4 Expenditure on charitable activities

	Direct costs £	Support costs (note 6) £	**Total 2025 £**
Property expenditure:			
. Service costs	1,311,473	292,712	**1,604,185**
. Repairs	81,166	18,116	**99,282**
. Management fees	4,720	—	**4,720**
. Professional and consultancy fees	61,827	—	**61,827**
	1,459,186	310,828	**1,770,014**
Governance	—	27,404	**27,404**
Social expenditure	11,442	—	**11,442**
Grants to residents	8,045	—	**8,045**
	1,478,673	338,232	**1,816,905**

	Direct costs £	*Support costs (note 6) £*	*Total 2024 £*
Property expenditure:			
. Service costs	*753,642*	*320,312*	*1,073,954*
. Repairs	*151,397*	*64,347*	*215,744*
. Property depreciation	*27,364*	*—*	*27,364*
. Professional and consultancy fees	*8,431*	*—*	*8,431*
	940,834	*384,659*	*1,325,493*
Governance	*—*	*25,563*	*25,563*
Social expenditure	*4,913*	*—*	*4,913*
Grants to residents	*7,000*	*—*	*7,000*
	952,747	*410,222*	*1,362,969*

5 Costs of raising funds

	Unrestricted funds	
	2025 £	2024 £
Investment management fees	**48,862**	52,697
Advertising costs	**4,176**	4,096
	53,038	56,793

6 Support costs

	2025 £	2024 £
Staff costs	**207,537**	234,255
Professional fees	**55,076**	25,942
General office costs	**49,055**	123,822
Pension interest costs	**1,000**	1,000
Governance costs		
. Auditor's remuneration	**22,720**	22,720
. Accounts preparation fees	**2,843**	2,483
	338,231	410,222

7 Staff costs

a) Board members and employees

	Total 2025 £	Total 2024 £
Trustee expenses		
Travel expenses for 2 Trustees (2024 - 3)	**1,760**	1,676
Staff costs		
Salaries	**212,752**	233,737
Social security costs	**18,873**	20,424
Pension costs	**27,798**	23,962
	259,423	278,123

Staff costs have been allocated as follows:

	Total 2025 £	Total 2024 £
Charitable activities	**51,884**	43,868
Support costs	**207,537**	234,255
	259,423	278,123

b) Number of employees

The average number of employees expressed as full time equivalents was as follows:

	2025 No.	2024 No.
Management staff	**3**	3
Cleaners	**—**	1
	3	4

The number of employees earning over £60,000 in the year was as follows:

	2025 No.	2024 No.
£100,001- £110,000	**1**	1

7 Staff costs (continued)

c) Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Board of Trustees and the Chief Executive. The total cost of employment (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £138,075 (2024 - £131,810).

8 Fixed Assets

	Land	Assets Under construction	**Total**
Group	£	£	**£**
Cost			
1 April 2024	—	—	**—**
Additions	10,682,300	8,411,027	**19,093,327**
31 March 2025	10,682,300	8,411,027	**19,093,327**
Accumulated Depreciation			
1 April 2024	—	—	**—**
Charge for the year	—	—	**—**
31 March 2025	—	—	**—**
Net book value			
31 March 2025	10,682,300	8,411,027	**19,093,327**
31 March 2024	—	—	**—**
Charity			
Cost			
1 April 2024	—	—	**—**
Additions	10,682,300	8,642,865	**19,325,165**
31 March 2025	10,682,300	8,642,865	**19,325,165**
Accumulated Depreciation			
1 April 2024	—	—	**—**
Charge for the year	—	—	**—**
31 March 2025	—	—	**—**
Net book value			
31 March 2025	10,682,300	8,642,865	**19,325,165**
31 March 2024	—	—	**—**

9 Investments

a) Listed investments

Group and charity	2025 £	2024 £
At 1 April	**2,570,548**	2,404,330
Purchases at cost	**337,872**	561,393
Disposal proceeds	**(332,074)**	(606,858)
Accrued interest	**—**	1,912
Increase (decrease) in market value	**10,096**	209,771
Market value as at 31 March	**2,586,442**	2,570,548
Cash on deposit and dealing account	**20,677**	71,136
Total investments as at 31 March	**2,607,119**	2,641,684
Analysis by type – UK listed investments		
. Equities and unit trusts	**2,069,059**	2,157,565
. Fixed interest	**278,195**	174,758
. Charities Property Fund	**60,971**	60,218
. Alternative assets	**178,217**	178,007
	2,586,442	2,570,548
Cash on deposit and dealing account	**20,677**	71,136
	2,607,119	2,641,684
Historical cost of the above	**1,967,091**	1,919,096

As at 31 March 2025, no individual investment holding represented a material amount of the total portfolio valuation. The largest single holding represented 7.48% of the total portfolio.

b) Investment in subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015. The results of the subsidiary for the year ended 31 March 2025 are set out below.

	2025 £	2024 £
Turnover	**12,730,543**	4,697,472
Cost of sales	**(12,481,987)**	(4,560,652)
Operating expenses	**(100,010)**	(63,675)
Operating profit/(loss)	**148,546**	73,145
Loss brought forward	**(292,422)**	(365,567)
Retained loss	**(143,876)**	(292,422)

At 31 March 2025, ST Property Company Limited had retained losses of £143,876 (2024 — £292,422) and called up share capital of £1 (2024 — £1). The results and balance sheet figures have been consolidated on a line by line basis within the accounts of The Sheppard Trust. The SOFA (page 20) excludes the management fee which is eliminated on consolidation.

10 Current asset investments

Group and charity	2025 £	Restated 2024 £
At 1 April	**22,991,000**	1,826,499
Additions	**—**	23,000,000
Withdrawal	**—**	(9,000)
Disposal	**(7,500,000)**	(1,826,499)
Interest re—invested	**—**	—
Increase (decrease) in market value	**813,247**	—
Market value at 31 March	**16,304,247**	22,991,000
Analysis by type – UK listed investments		
. Equities and unit trusts	**16,304,247**	22,991,000

11 Debtors

	Group 2025 £	Charity 2025 £	Group 2024 £	Charity 2024 £
Legacies receivable	**—**	**—**	**—**	**—**
Accounts receivable	**60,882**	**60,882**	4,568,013	7,362
VAT recoverable	**24,382**	**—**	60,997	—
Prepayments – development costs	**11,913**	**—**	3,523,217	500,000
Due from subsidiary undertaking	**—**	**4,483,298**	—	7,941,174
Accrued income	**2,347**	**2,347**	492,797	492,797
Prepayments and other debtors	**26,206**	**37,691**	76,030	76,030
Amounts due from sale of property — due in less than one year	**3,900,000**	**3,900,000**	3,900,000	3,900,000
	4,025,730	**8,484,218**	12,621,054	12,917,363

12 Creditors: amounts falling due within one year

	Group 2025 £	Charity 2025 £	Group 2024 £	Charity 2024 £
Accounts payable	**69,989**	**16,806**	108,942	80,904
Social security and taxation	**—**	**—**	5,449	5,449
Amounts owed to subsidiary	**—**	**2,241,624**	—	—
Accruals	**809,725**	**2,723,958**	67,456	21,980
Social housing grant repayable	**1,318,048**	**1,318,048**	1,318,048	1,318,048
	2,197,762	**6,300,436**	1,499,895	1,426,381

13 Creditors: amounts falling due after one year

	Group 2025 £	Charity 2025 £	Group 2024 £	Charity 2024 £
Retention Provision	**373,000**	**373,000**	—	—
Pension Provision (note 16)	**35,000**	**35,000**	35,000	35,000
	408,000	**408,000**	35,000	35,000

14 Special trust funds

Group and charity	At 1 April 2024 £	Income £	Expenditure £	Gains and losses £	**As at 31 March 2025 £**
Special trust funds					
Endowment fund	15,928,329	698,683	(19,552)	995	**16,608,456**
Restricted fund	1,000	—	—	—	**1,000**
	15,929,329	698,683	(19,552)	995	**16,609,456**

Special trust funds

The Special Trust Funds are assets including investments endowed to the unincorporated charity which cannot be fully transferred. Assets which derive from the sale of properties previously held in the Special Trust Funds are retained in those funds to be spent on the purchase of future replacement property.

Group and charity	*At 1 April 2023 £*	*Income £*	*Expenditure £*	*Gains and losses £*	*As at 31 March 2024 £*
Special trust funds					
Endowment fund	*15,202,045*	*731,222*	*(25,621)*	*20,683*	*15,928,329*
Restricted fund	*1,000*	—	—	—	*1,000*
	15,203,045	*731,222*	*(25,621)*	*20,683*	*15,929,329*

15 Net assets between funds

Fund balances at 31 March 2025 are represented by:

Group	Unrestricted funds £	Special trust funds £	**Total 2025 £**
Investments	2,100,980	506,139	**2,607,119**
Tangible Fixed Assets	6,491,731	12,601,596	**19,093,327**
Net current assets	15,443,515	3,501,721	**18,945,237**
Provisions	(408,000)	—	**(408,000)**
	23,628,226	16,609,456	**40,237,683**

Charity	Unrestricted funds £	Special trust funds £	**Total 2025 £**
Investments	2,100,980	506,139	**2,607,119**
Tangible Fixed Assets	6,723,569	12,601,596	**19,325,165**
Net current assets	15,587,388	3,501,721	**19,089,109**
Provisions	(408,000)	—	**(408,000)**
	24,003,937	16,609,456	**40,613,393**

Group	*Unrestricted funds £*	*Special trust funds £*	*Total 2024 £*
Tangible fixed assets	—	—	—
Investments	*2,136,539*	*505,144*	*2,641,683*
Net current assets	*22,400,043*	*15,424,185*	*37,824,228*
Provisions	*(38,000)*	—	*(38,000)*
	24,498,582	*15,929,329*	*40,427,911*

Charity	*Unrestricted funds £*	*Special trust funds £*	*Total 2024 £*
Tangible fixed assets	—	—	—
Investments	*2,136,539*	*505,144*	*2,641,683*
Net current assets	*22,692,463*	*15,424,185*	*38,116,648*
Provisions	*(38,000)*	—	*(38,000)*
	24,791,002	*15,929,329*	*40,720,331*

16 Pension Scheme

From 1 October 2010, the Trust offers new joiners participation in the defined contribution section of the Social Housing Pension Scheme, having previously offered entry into the defined benefit section. The Trust closed the defined benefit section to new entrants at the same date.

Social Housing Pension Scheme (Defined Contribution)

This scheme is administered by The Pensions Trust and is a defined contribution scheme. The employer contribution rate payable by the Trust per annum is 6%.

Social Housing Pension Scheme (Defined Benefit)

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The latest estimated employer debt on withdrawal from the scheme, being as at 30 September 2024, is £70,970 (30 September 2023 - £84,901).

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

16 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Defined benefit liability

	2025 £	2024 £
Fair value of plan assets	**174,000**	180,000
Present value of defined benefit obligation	**(209,000)**	(218,000)
Deficit in plan recognised	**(35,000)**	(38,000)

	Year to 31 March 2025 £	Year to 31 March 2024 £
Defined benefit obligation at start of period	**218,000**	136,000
Current service cost	**—**	**—**
Expenses	**2,000**	2,000
Interest expense	**10,000**	6,000
Contributions by plan participants	**—**	**—**
Actuarial gains due to scheme experience	**9,000**	94,000
Actuarial (gains) due to changes in demographic assumptions	**—**	(4,000)
Actuarial losses (gains) due to changes in financial assumptions	**(10,000)**	4,000
Benefits paid and expenses	**(20,000)**	(20,000)
Defined benefit obligation at end of period	**209,000**	218,000

	Year to 31 March 2025 £	Year to 31 March 2024 £
Fair value of plan assets at start of period	**180,000**	110,000
Interest income	**8,000**	5,000
Experience (losses) on plan assets	**(7,000)**	73,000
Employer contributions	**13,000**	12,000
Member contributions	**—**	**—**
Benefits paid and expenses	**(20,000)**	(20,000)
Fair value of plan assets at end of period	**174,000**	180,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was £1,000. (2024 – £78,000).

16 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Included in expenditure on charitable activities	**Year to 31 March 2025 £**	Year to 31 March 2024 £
Current service cost	**—**	—
Expenses	**2,000**	2,000
Net interest expense	**2,000**	1,000
Total expense	**4,000**	3,000

Included in other recognised gains and losses	**Year to 31 March 2025 £**	Year to 31 March 2024 £
Experience (losses) on plan assets	**(7,000)**	73,000
Experience gains arising on the plan liabilities	**(9,000)**	(94,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	**—**	4,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	**10,000**	(4,000)
Total gains (losses)	**(6,000)**	(21,000)

Assets

The charity's share of assets held within the Scheme at 31 March 2025 are shown below. None of the fair values of the assets include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	2025 £	2024 £
Absolute Return	**—**	7,000
Alternative Risk Premia	**2,000**	6,000
Cash	**7,000**	4,000
Credit Relative Value	**—**	6,000
Distressed Opportunities	**—**	6,000
Emerging Markets Debt	**—**	2,000
Global Equity	**20,000**	18,000
Infrastructure	**—**	18,000
Insurance-Linked Securities	**1,000**	1,000
Investment Grade Credit	**5,000**	**—**
Liability Driven Investment	**53,000**	74,000
Liquid Alternatives	**32,000**	**—**
Long Lease Property	**—**	1,000
Opportunistic Illiquid Credit	**—**	7,000
Private Credit	**21,000**	**—**
Private Debt	**—**	7,000
Property	**9,000**	7,000
Real Assets	**21,000**	**—**
Risk Sharing	**—**	11,000
Secured Income	**3,000**	5,000
Total assets	**174,000**	180,000

16 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Key assumptions

	31 March 2025 % p.a.	31 March 2024 % p.a.
Discount rate	**5.46**	4.80
Inflation (RPI)	**3.21**	3.27
Inflation (CPI)	**2.68**	2.67
Salary Growth	**3.68**	3.67
Allowance for commutation of pension for cash at retirement	**75%**	75%

	Life expectancy at age 65
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2044	21.7
Female retiring in 2044	24.5

17 Trustees and indemnity insurance

The Trust has taken out a Directors and Officers Management Protection policy with RSA with a total cover of £1 million for any one claim.

18 Capital commitments

On 29 March 2023 The Sheppard Trust and ST Property Company Ltd entered into a Supplemental agreement with the Trustees of the Royal Cambridge Home, the effect of which was to vary a previous conditional agreement and to commit the Trust to the purchase of land owned by the Royal Cambridge Home. The Trust is now building its future new home on the land purchased. The capital commitment for the Sheppard Trust at 31 March 2024 was to purchase the land in exchange for i) funding the construction of a new 32 bed care home for the Royal Cambridge Home, to be constructed by ST Property Company Ltd, and ii) a Fixed Land Payment.

On 29 March 2023 ST Property Company Ltd entered into a contract with Red Construction Group Ltd to construct the care home described above, for the sum of £8,117,941. Construction of the home commenced in April 2023 and was completed in July 2024.

On 6 September 2024 the Fixed Land Payment was paid and the transfer of land from the Royal Cambridge Home to the Sheppard Trust was completed. There was no further capital commitment in respect of the land as at 31 March 2025.

On 17th September 2024 ST Property Company Ltd entered into a contract with Red Construction Group Ltd to construct a housing scheme of 60 one bedroomed independent living apartments with associated communal facilities, for The Sheppard Trust, on the land purchased. The contract value was £21,825,960. As at the 31st March 2025 the outstanding commitment was £16,809,839.

18 Capital commitments (continued)

There were no other capital commitments.

19 Related party transactions

The charity owns the entire share capital in ST Property Company Limited (note 8b). The Group has exercised the exemption from disclosing transactions entered into between two members.

Other than Trustees expenses, as disclosed in note 7, there were no further related party transactions.

20 Operating lease commitments

At 31 March 2025 the group and charity had the following future minimum commitments in respect to non-cancellable operating leases:

	Property	
	2025	2024
	£	£
Amounts due:		
Within one year	**85,356**	108,333
Due in more than one year	**—**	**—**
	85,356	108,333

THE SHEPPARD TRUST

England & Wales - Charity number 1133356

Accounts

The Sheppard Trust

Annual Report and Financial Statements

31 March 2024

Company Limited by Guarantee
Registration Number
6621820 (England and Wales)

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Reference and administrative details Year to 31 March 2024

Board of Trustees as at 30 September 2024	Linda Davis, Chair Martyn Carter Amelia Gosal Christina Jordan, Vice Chair Keith Perry, Hon. Treasurer Melanie Saunders Claire Watson Neil White Agnes Woolrich
Chief Executive and Secretary	Clare Scott Booth
Registered address	12 Lansdowne Walk London W11 3LN
Company registration number	6621820 (England and Wales)
Charity registration number	1133356
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Accountants	JS2 Ltd 1 Crown Square Woking GU21 6HR
Investment Managers	Investec Wealth and Investment Limited 2 Gresham Street London EC2V 7QN Cazenove Capital 1 London Wall Place London EC2Y 5AU

Principal Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB
Solicitors	Trowers and Hamlins LLP 3 Bunhill Row London EC1Y 8YZ

The Sheppard Trust
Tel: 020 7727 5500
Email: chiefexec@sheppardtrust.org
www.sheppardtrust.org

The Board (previously known as the Executive Committee), whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the consolidated financial statements of The Sheppard Trust (the "Trust") and its subsidiary ST Property Company Limited for the year ended 31 March 2024.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 29 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

OUR PURPOSES AND ACTIVITIES

Providing Homes

Maintaining Independence

Community Spirit

The Sheppard Trust is an almshouse charity founded in 1855.

Its main charitable object is to provide low-cost housing for women who are in need, hardship or distress, who are aged 55 or over and who share community values. In practice the trustees normally accept applications from women aged 65 or over, in order to prioritise those most in need of the type of housing and support available.

The Trust's main activity is providing housing, with some staff support, which enables our residents to live comfortably and independently in their own accommodation. For many years there has been accommodation for 29 older women in need of low-cost, comfortable and secure homes. Sheppard Trust residents have the security of knowing that their homes will remain affordable and well maintained, and that support is on hand when needed.

The Trust's activities are underpinned by a strong set of values: that the residents should feel comfortable, warm and secure in their homes; that their independence, privacy and dignity should always be respected; that their homes, the utility services and safety systems should be maintained to a high standard; that they should be well-supported at times of ill health or other need; and that a mutually supportive community spirit should develop through a range of social activities. All the activities undertaken are informed by these values.

Priority is given to those in the greatest need and residents often come to us from insecure or unsettled accommodation. The majority of the residents receive housing benefit and other welfare benefits, and those who are ineligible for this support nevertheless have incomes and savings far from adequate to buy or privately rent a home in or near to London.

OUR PURPOSES AND ACTIVITIES (continued)

The Trust's work contributes to reducing homelessness amongst older people, and reducing social care costs by helping residents remain independent and active. The trustees firmly believe that the provision of affordable housing for those in need is for the public benefit, and the Board confirms that in planning its activities it has had regard to the Charity Commission's general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

Just before the start of the year the Trust entered into a sale and leaseback of its current properties. The focus for the year was maintaining secure and comfortable accommodation for the current residents and supporting them whilst planning for the move to temporary accommodation in 2024 (see Future Plans below).

We continued to provide a support service designed to maintain independent living. This includes:

- Daily welfare visits to our most vulnerable residents, providing support and company as well as checking on health and wellbeing;
- Help to those going into or leaving hospital, for example collecting prescriptions and shopping;
- Helping older residents to arrange and access health services and social activities and transport to attend them;
- Improving independence by identifying needs and providing equipment or making minor alterations in a residents flat, working with occupational therapists; and
- Advocating for our residents with social services and care agencies to ensure they are receiving any care they need.

The Trust's work responds to the continued external changes in support for older people, along with increases in life expectancy. Older people are now being enabled to stay in their homes longer in life and the Trust is increasingly involved in working intensively with families, social services and other agencies to ensure our residents' care and support needs can be met. Our current buildings remain increasingly constraining and we continued to encounter a number of physical difficulties in meeting the needs of individual residents, ranging from the steps and the bathroom facilities to sound and heat insulation issues.

During the year two residents moved to alternative accommodation in the area, in advance of our move. One moved to a care home, and one sadly died. We welcomed three new residents, all of whom were living in unsuitable accommodation for their needs. Our residents currently range between the ages of 68 and 87.

Residents continued to enjoy a programme of outings and events, including a Coronation party, a visit to Buckingham Palace, Christmas events, a trip to the ballet, as well as social events in the houses.

FUTURE PLANS

The Sheppard Trust has for some years been committed to an ambitious vision for a brand new, fit for purpose housing scheme, where its residents can enjoy excellent facilities and a home that meets their needs for life, and where it can double the number of beneficiaries. We continued to work towards realising this vision.

Housing for older people has never been more important and there is a huge need for good quality, affordable provision for those of limited means to buy or rent property. The Trust's current properties have served their purpose well for many years in providing secure and comfortable homes, but the physical limitations of the current buildings are already restricting us and will not meet the needs for the next generation of older women.

The main issues we face in our current location are:

- Access: no facilities for wheelchair or mobility scooter users, and difficulties for those with other mobility related needs. Five of the flats have steps within them which are a potential hazard and not appropriate for housing designated for older people. There is no level access to enter the buildings and although there are lifts there are steps in some of the narrow internal corridors and no level access to some flats.

- Space standards: most of the flats are not suitable for housing older people, particularly those with mobility related needs or care and support needs. For example the bathrooms allow insufficient space for those who need support from carers for personal care, and most of the kitchens are unsuitable for those with mobility related needs.

- Poor noise and heat insulation, poor energy performance, limited natural light in some areas, and limited communal and circulation spaces.

- Other significant limitations in how the properties could be adapted to meet modern and future best practice in housing for older people, for example to become "dementia friendly" or to include technology to support lifestyle or care and support needs.

As explained in "Achievements and Performance" above, there are already situations in which these issues mean residents' needs cannot be fully met to the high standards we aspire to.

As a result, the trustees concluded that continuing to maintain and attempting to upgrade these Victorian homes is not good value for money, as the potential for people to "age in place" is significantly limited, the age of the buildings means it is highly challenging to create homes with low maintenance and running costs, and the properties were unlikely to meet the aspirations of future generations of older people. Therefore for some years it has pursued a strategy to relocate the Trust to modern purpose built homes designed for the needs of older people and located in a more affordable area.

The vision is for housing which will enable residents to remain in their homes much longer in life and in most cases for the rest of their lives, and also to provide for a greater number of beneficiaries. Our vision also includes a tailored on-site support offer and access to care services to meet individual needs and a range of community activity giving choices for an active and fulfilling old age.

FUTURE PLANS (continued)

The Trust started its search for a suitable site in the Royal Borough of Kensington and Chelsea, where its current properties are located, but gradually widened the area of search over the past ten years as it became increasingly apparent that no suitable and affordable sites were viable prospects within the borough. Sites throughout the West London area and just outside were also considered. After this long search, the trustees announced in October 2018 that an agreement had been reached with the Royal Cambridge Home to purchase part of their site in East Molesey, near Hampton Court, subject to planning permission. The site is situated in a very pleasant residential area with access to shopping and leisure facilities and there is easy access to Central London in just over half an hour from Hampton Court station. There are mature trees on all sides and significant green spaces as well as easy level access to the Thames riverside with its walking paths and cafes.

Planning permission was granted in October 2021 for a scheme including 60 large one bedroom flats for the Sheppard Trust, which will house our current residents, women on our waiting list, and local women in need of low cost housing. There will be a range of communal facilities – a lounge, café, hairdressing/therapy room, physical activity room, meeting room and other useful spaces for meeting together. The housing will meet high modern standards in terms of space standards, future adaptability including wheelchair use and assistive technologies, sound and heat insulation, energy performance and security, based on the HAPPI standards which set out best practice for older people's housing. It will have a residential character that promotes independence and avoids an institutional atmosphere.

A brand-new care home for the Royal Cambridge Home will be located on the remainder of the site. The two buildings, and the two charities, will be separate but will complement each other.

Work intensified on bringing this scheme to reality although challenges remain due to increasing construction costs and interest rates. Residents were involved in detailed design development, with workshops on the communal facilities, the apartments, interior design and the garden design. Construction started on the care home building on 3 April 2023 and completed after the year end on 29 July 2024. The Royal Cambridge Home then vacated their previous building and the land was transferred to the Sheppard Trust on 6 September 2024. On 17 September 2024 a building contract was completed for the new Sheppard Trust building and construction began.

The Trust disposed of the current properties in March 2023, in order to fund the new scheme. As part of the agreement, the Trust entered into a lease of the properties so that it could continue to occupy them for up to a further 23 months. All the proceeds net of sales costs will be reinvested into our new scheme.

This exciting development will enable us to offer homes which truly meet our residents' needs into old age, enable us to offer homes for life in most cases, and double the number of beneficiaries that the Trust is able to help.

The development work is being undertaken by the Trust's wholly owned subsidiary company, ST Property Company Limited. This is in order to ringfence the charity from some of the risks of entering into construction contracts and also for tax effectiveness. The company has entered into a deed of covenant so that all its profits will be gifted to the charity.

FUTURE PLANS (continued)

The Trustees had very much hoped to avoid the need for interim accommodation but as the sale agreement and building developments progressed it became apparent that this would be necessary. During the year the Trust consulted with residents on their priorities for interim accommodation, and used these to carry out a wide ranging search for suitable properties. After the year end a contract was entered into with Birchgrove Life for the Trust and the majority of its residents to move to Ayrton House, Mill Hill, whilst our new home at East Molesey is completed. At the time of signing this report, the move was in progress.

The Trustees appreciate the impact on our current residents and thank them for their patience. Our residents have been offered high quality interim accommodation and they will be guaranteed a brand new flat in our new scheme, but moving house, particularly at an advanced age, can be daunting and stressful. We will see to all the business of moving at no cost to our residents and support them through the whole process. We offered a package of support and assistance to residents who wished to remain close to our current location or to move elsewhere and a small number have taken this up or have moved to alternative interim accommodation which better met their needs and preferences.

Our continued objective is to safeguard the future of the Sheppard Trust by providing modern accommodation which meets its current and future residents' needs for many years to come, as well as doubling the number of women in need who we are able to help.

FINANCIAL REVIEW

The financial results of the Trust were significantly influenced by the sale of the properties and leaseback arrangement with both income and expenditure increasing. The cash funds invested from the property sale generated significant investment income which supported the capital project budget. Expenditure increased because of the rent payable on Lansdowne Walk. There was a surplus for the year of £779,727 of which £465,233 is estimated to be due to the factors above. The Trust also benefitted from rises in interest rates. Maintenance expenditure fell as the move approached and because there had been major works in the previous year.

The Board of Trustees remains satisfied that the underlying financial position of the Trust is secure, and that it is well placed to maintain the present level of service and to plan for the future.

Review of business

The Trust's income for the period under review, excluding the sale of property, increased from £680,679 to £2,010,718. The main reason for this was a very large increase in investment income due to the investment of the proceeds of sale of property and rising interest rates. There was also an inflationary increase in residents' weekly maintenance contribution income. Expenditure increased from £822,445 to £1,388,385. This was primarily because the charity paid rent on its property after the sale, other expenditure decreased as less was spent on maintenance. In addition there was income and expenditure of £4,560,652 in the subsidiary trading company in relation to the building project.

FINANCIAL REVIEW (continued)

Review of business (continued)

There was a surplus of income over expenditure for the year of £590,956 (2023 – surplus of expenditure over income of £26,180,994). Gains on investments and actuarial losses resulted in a net increase in funds of £779,727 (2023 – increase of £26,003,688).

At 31 March 2023, the Trust's total reserves amounted to £40,427,911 (2023 - £39,648,184). Of this, £15,935,278 (2023 - £15,203,045) related to special trust funds, which consist of investments and proceeds of sale of property endowed to the unincorporated charity. These proceeds of sale will be reinvested in new property which will be endowed to the unincorporated charity. The purposes of these funds are described in more detail on page 35.

Unrestricted reserves have increased from £24,445,139 to £24,492,632. It remains the Trust's policy in due course to invest a very large part of its reserves in new housing for a greater number of beneficiaries.

Reserves policy

The Sheppard Trust holds reserves for three main purposes:

- To cover fluctuations in working capital, and to cover expenditure in the event of unexpected circumstances such as an unforeseen drop in investment income or vacancies in the accommodation;
- To ensure funds are available when needed for major property repairs above and beyond the normal annual expenses of maintenance; and
- To spend, over the next two years, on expanding the charity's activities by providing new, modern accommodation for a much greater number of beneficiaries.

Once a beneficiary has been accepted, the Trust aims to support and enable her to stay in her home in the Trust's property for as long as possible, and it therefore has a long term commitment to maintain its properties to a suitable standard and to support its beneficiaries.

The Board has concluded that a suitable level of ongoing free reserves for the first two purposes is c.£2.7m, taking into account their plans for a new property housing twice as many beneficiaries, and the preliminary operating budgets.

The Board intend to spend the reserves in excess of this on the proposed new accommodation, using any additional funds available to improve the facilities available to the residents or to increase the number of residential units available for beneficiaries. Currently reserves are already being used to fund the development of the scheme.

As at 31 March 2024 the general reserves stood at £24.5m. The trustees therefore consider that £2.7m of this should be held as ongoing reserves and the remainder of £21.8m is available to be spent on this exciting project, as well as the proceeds of sale of property held in the special trust funds. The trustees are keeping the levels of reserves under review as the project progresses.

FINANCIAL REVIEW (continued)

Reserves policy (continued)
The trustees invest the ongoing reserves in order to contribute to the Trust's income and aim to match the liquidity of the investments to the predicted needs for cash. Reserves intended to be spent on the proposed new accommodation are held as cash, cash equivalents or in cash funds to reduce the risk of fluctuations in value.

Going concern
The Trust has relatively stable sources of income and a high level of capital and reserves and its main source of income has not been materially disrupted by external factors. Whilst economic uncertainty and inflationary pressures do affect the Trust, increased interest rates and maintenance charges mitigate this. The Board of Trustees are wholly confident that the Trust has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Investment policy
The general objectives of the Trust's Investment Policy are to produce a reasonable level of income to help the Trust meet its commitments, and for the capital to grow over time at least in line with inflation.

The objectives are to be achieved by investing prudently and cautiously in a broad range of fixed interest securities and equities which are quoted by a recognised Investment Exchange, in Common Investment Funds and in unit trusts and open-ended investment companies which are authorised under the Financial Services and Markets Act 2000. Investments in derivatives are not permitted except with the written permission of the Board.

There are no ethical or geographical restrictions with regard to investment, but the Trust has confirmed with its investment managers that they should have regard to socially responsible investment issues when managing its portfolio.

The Trust has appointed Investec Wealth and Investment Ltd., who have confirmed that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, as investment managers with delegated discretionary powers of investment. Investec reports on performance quarterly.

The portfolio is measured against a customised benchmark comprising: 15% Govt Bond Index, 35% FTSE All Share, 40% FTSE World ex UK, 5% IPD Index, 3% alternative assets and 2% prevailing cash rates. The Trust's investment policy requires its investment managers to outperform the agreed benchmark by 1% p.a. over a rolling three year period. Over the 12 month period the portfolio underperformed the benchmark by 1.5% and over a three year period the portfolio underperformed the benchmark by 2.6%. The three year performance is still distorted by changes in investment strategy in and after 2019 in order to prioritise liquidity ready for future investment in new accommodation. The trustees are satisfied that the performance is on track after taking these factors into account.

FINANCIAL REVIEW (continued)

Principal funding sources

The Trust's total income, excluding the property sale, for the year ending 31 March 2024 was:

	2024		2023	
	£	**%**	£	%
Income from residents' maintenance contributions	**537,682**	**26%**	480,747	71%
Investment income	**1,470,888**	**74%**	160,118	23%
Donations and legacies	**2,148**	**0%**	39,814	6%
	2,010,718	**100%**	680,679	100%

Fundraising

The Trust is very grateful to the donors who supported our work during the year. They enabled us to provide additional support and services to our residents that might not otherwise be possible. The Trust is also grateful to those who support our work with a legacy. Legacy income is helping us to fund our future plans to help more beneficiaries in modern accommodation.

Donations (other than legacies) form a very small proportion of the Trust's income (under 1%). There is a small group of regular donors giving either annually or more frequently. The main fundraising methods are writing occasionally to our supporters about our work, and placing legacy advertising in suitable journals. The Trust does not use any professional fundraisers or commercial participators. As the Trust is small and fundraising is a minor part of its activity, it has not yet signed up to any voluntary fundraising schemes or standards. The Trustees are not aware of any external fundraising carried out on the Trust's behalf nor have they encouraged any.

No complaints were received about the Trust's fundraising activity during the year. The Trust has taken steps to protect vulnerable people and others from unreasonable activity, persistent approaches or undue pressure to give. All our supporters are invited to express their contact preferences and contact is only made in accordance with these preferences. For most supporters this is a single letter and annual report once each year. We include clear contact details on all communications so that our supporters can raise any issues or change their contact preferences. We respect our supporters' decisions including a decision to stop giving, with gratitude for their past support.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sheppard Trust is a company limited by guarantee (Company No. 6621820) and a charity registered with the Charity Commission in England and Wales registered charity (Charity No. 1133356). It was incorporated on 17 June 2008 and its governing documents are the Memorandum and Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The charity has a linked subsidiary charity, also known as Sheppard Trust, governed by a scheme of 1932 as subsequently amended. The Charity Commission issued a uniting direction on 5 August 2010 to link it with the incorporated charity. The unincorporated charity remains a separate entity and subsidiary of the incorporated charity, with the trusteeship of the endowment fund being vested in the incorporated charity.

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and commenced trading on 1 April 2018. The company has been set up to carry out property development projects on behalf of the charity.

The charity's Articles of Association stipulate that the Board of Trustees shall consist of not fewer than six or more than eleven trustees/directors and that at least four of the trustees/directors shall be female. When vacancies arise, the Board reviews the skills available to it through its members and recruits to fill identified gaps in knowledge or expertise. Normally trustees serve for no more than nine years, however due to the need for continuity at this crucial stage in the charity's development plans, the Board has agreed to extend the terms of some trustees.

After the year end the Board of Trustees decided to cease using the name "Executive Committee" to describe itself, on the grounds that it did not properly describe the non-executive trustee body of a charity.

The following members of the Board of Trustees served during the period:

	Appointed/Retired
Linda Davis, Chair	
Martyn Carter	
Amelia Gosal	
Christina Jordan, Vice Chair	
Keith Perry, Hon Treasurer	
Melanie Saunders	
Claire Watson	
Neil White	
Agnes Woolrich	

The Board takes responsibility for all strategic decisions and monitors the Trust's performance throughout the year. The Board normally meets six times each year. It is supported by two sub-committees – Finance Committee, and Appointments and Wellbeing Committee. The Board delegates responsibility for the day-to-day operation of the Trust to the Chief Executive. A Project Control Group supports the Board with its strategic development plans.

The Sheppard Trust is a member of both the National Housing Federation and the National Association of Almshouses. The Trust has adopted the latter body's 'Standards of Almshouse Management, a Guide to Good Practice'.

The Trust is also a member of the National Council for Voluntary Organizations (NCVO) and the Charity Finance Group. Membership of all these bodies brings training opportunities and an awareness of developments and initiatives in other parts of the voluntary sector.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

None of the Trustees receives any remuneration from the charity. No related party transactions were reported, other than transactions with the charity's subsidiary.

Key management personnel

The Trustees consider that they, together with the Chief Executive, are the key management personnel with authority and responsibility for planning, directing and controlling the activities of the charity. Running and operating the Trust on a day-to-day basis is delegated by the trustees to the Chief Executive.

The remuneration of the Chief Executive and other staff is reviewed annually by the Finance Committee on behalf of the Board, taking into account increases in average earnings and other relevant market information.

No members of the Board were remunerated for their services to the Trust during the year.

Risk management

The Board is responsible for the management of risks faced by the Trust and, through its Chief Executive, ensures that appropriate systems are maintained, that new risks are identified as they arise and appropriate controls established. The Board has established a risk policy and a register of key risks which focuses on high-impact risks and which is regularly updated and presented at each meeting. By managing risk effectively, we try to ensure that:

- significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
- the charity makes the most of opportunities and develops them with the confidence that any risks will be managed;
- forward and strategic planning are improved;
- the charity's aims are achieved more successfully.

The systems of control operated by the Trust are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key controls include detailed consideration by the Finance Committee of proposed budgets and regular management accounting information; agreed financial procedures defining, among other things, spending levels and which are regularly reviewed; regular review of the waiting list and resident welfare by the Appointments and Wellbeing Committee and regular review of health and safety compliance information by the Board.

The key risks currently facing the charity are

- external and internal factors preventing its future development plans being achievable at an acceptable cost or because insufficient resources are available. This includes inflationary increases in construction costs due to ongoing global economic circumstances. It also includes delays resulting in increased costs or affecting grants or borrowing;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- the risks associated with maintaining the health, safety and welfare of its elderly residents, including safeguarding risks, particularly during the move process;
- the risk of loss of income or excessive expenditure.

The Board has carried out a risk assessment specifically to identify the risks associated with the Trust's development strategy. The main areas of risk include future construction costs, and government policy on revenue funding. There are also risks associated with economic uncertainty as a result of world events.

The Trust is addressing these risks by

- Scrutiny and monitoring of the development project by a designated Project Control Group so that mitigating actions can be taken, regular budget and resource reporting and development of a project governance system.
- Reviewing and enhancing its health and safety systems which include regular maintenance of all mechanical and electrical services, including particularly all fire precautions and central heating systems. Periodic fire and legionella risk assessments are undertaken. In addition, the condition of the fabric of the Trust's properties is kept under regular review and comprehensive insurances are in place. Health and safety arrangements are being put in place with interim accommodation providers. Ensuring that safeguarding policies and procedures are in place and that a safeguarding culture is developed.
- Periodic value for money exercises on specific aspects of expenditure.

The Board recognises that its systems provide reasonable, but not absolute, assurance that risks are being adequately managed, but believes that the major risks facing the Trust have been identified and that systems are in place to mitigate the effects of them.

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Board of Trustees (whose members are also the directors of The Sheppard Trust for the purposes of company law) is responsible for preparing the Board report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;

STATEMENT OF THE BOARD'S RESPONSIBILITIES (continued)

- observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors
Each member of the Board confirms that:

- so far as the Committee Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Committee Member has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Report of the Board of Trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees and signed on its behalf by:

Linda Davis, Chair
30 September 2024

Independent auditor's report to the members of The Sheppard Trust

Opinion

We have audited the financial statements of The Sheppard Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the group and parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and of the charitable parent company's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Executive Committee for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Executive Committee has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Executive Committees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- We identified the laws and regulations applicable to the group through discussions with key management and from our knowledge and experience of the sector in which the group operates;

- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the group. These included but were not limited to the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and representatives of those charged with governance.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Performed substantive testing on expenditure including the authorisation thereof;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Trustees' meetings; and
- Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

As a result of our procedures, we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

4 October 2024

Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Consolidated statement of financial activities Year to 31 March 2024
(incorporating the income and expenditure account)

	Notes	Unrestricted funds £	Special trust funds £	**Total 2024 £**	Total 2023 £
Income from:					
Charitable activities	1	537,682	—	**537,682**	480,747
Investments and interest receivable	2	739,666	731,222	**1,470,888**	160,118
Donations and legacies	3	2,148	—	**2,148**	39,814
Other trading activities		4,560,652	—	**4,560,652**	—
Profit on disposal of tangible fixed assets		—	—	—	26,322,760
Total income		5,840,148	731,222	**6,571,370**	27,003,439
Expenditure on:					
Charitable activities	4	1,337,348	25,621	**1,362,969**	797,029
Trading expenditure		4,560,652	—	**4,560,652**	—
Raising funds	5	56,793	—	**56,793**	25,416
Total expenditure		5,954,793	25,621	**5,980,414**	822,445
Net (expenditure) income before (losses) gains on investment assets		(114,645)	705,601	**590,956**	26,180,994
Net investment gains (losses)	8,9	189,088	20,683	**209,771**	(182,306)
Net income (expenditure)		74,443	726,284	**800,727**	25,998,688
Other recognised gains and losses					
Actuarial (losses) gains	14	(21,000)	—	**(21,000)**	5,000
Net movement in funds		53,443	726,284	**779,727**	26,003,688
Reconciliation of funds					
Fund balances at 1 April 2023		24,445,139	15,203,045	**39,648,184**	13,644,496
Fund balances at 31 March 2024		24,498,582	15,929,329	**40,427,911**	39,648,184

All trading activity is performed by ST Property Company Limited, a 100% subsidiary of The Sheppard Trust and a separate Charity SOFA is not produced. Details of ST Property Company results are in note 8.

Consolidated statement of financial activities Year to 31 March 2024
(incorporating the income and expenditure account)

Comparative statement of financial activities – year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2023 £	Total 2022 £
Income from:						
Charitable activities	*1*	*480,747*	*—*	*—*	*480,747*	*459,070*
Investments and interest receivable	*2*	*154,280*	*5,838*	*—*	*160,118*	*95,741*
Donations and legacies	*3*	*39,814*	*—*	*—*	*39,814*	*11,607*
Profit on disposal of tangible fixed assets,3		*12,315,528*	*—*	*14,007,232*	*26,322,760*	*—*
Total income		*12,990,369*	*5,838*	*14,007,232*	*27,003,439*	*566,418*
Expenditure on:						
Charitable activities	*4*	*752,795*	*24,776*	*19,458*	*797,029*	*746,447*
Raising funds	*5*	*25,416*	*—*	*—*	*25,416*	*27,542*
Total expenditure		*778,211*	*24,776*	*19,458*	*822,445*	*773,989*
Net income (expenditure) before (losses) gains on investment assets		*12,212,158*	*(18,938)*	*13,987,774*	*26,180,994*	*(207,571)*
Net investment (losses) gains		*(164,337)*	*—*	*(17,969)*	*(182,306)*	*85,251*
Net income (expenditure) before transfers between funds		*12,047,821*	*(18,938)*	*13,969,805*	*25,998,688*	*(122,320)*
Transfer between funds		*692,376*	*(692,376)*	*—*	*—*	*—*
Net income (expenditure)		*12,740,197*	*(711,314)*	*13,969,805*	*25,998,688*	*(122,320)*
Other recognised gains and losses						
Actuarial gains (losses)	*14*	*5,000*	*—*	*—*	*5,000*	*(6,000)*
Net movement in funds		*12,745,197*	*(711,314)*	*13,969,805*	*26,003,688*	*(128,320)*
Reconciliation of funds						
Fund balances at 1 April 2022		*11,699,942*	*711,314*	*1,233,240*	*13,644,496*	*13,772,816*
Fund balances at 31 March 2023		*24,445,139*	*—*	*15,203,045*	*39,648,184*	*13,644,496*

Balance Sheets At 31 March 2024

	Notes	**Group 2024 £**	**Charity 2024 £**	Group 2023 £	Charity 2023 £
Fixed assets					
Investments	8	**2,641,684**	**2,641,685**	2,444,116	2,444,117
		2,641,684	**2,641,685**	2,444,116	2,444,117
Current assets					
Debtors	10	**12,621,054**	**12,917,363**	32,748,104	32,961,251
Investments	9	**22,991,000**	**22,991,000**	1,826,499	1,826,499
Short term deposits		**1,313,355**	**1,313,355**	2,189,005	2,189,005
Cash at bank and in hand		**2,398,714**	**2,321,309**	2,626,415	2,621,382
		39,324,122	**39,543,027**	39,390,023	39,598,137
Creditors: amounts falling due within one year	11	**(1,499,895)**	**(1,426,381)**	(2,159,955)	(2,002,505)
Net current assets		**37,824,227**	**38,116,646**	37,230,068	37,595,632
Total assets less current liabilities		**40,465,911**	**40,758,331**	39,674,184	40,039,749
Provision for liabilities		**(38,000)**	**(38,000)**	(26,000)	(26,000)
Total net assets		**40,427,911**	**40,720,331**	39,648,184	40,013,749
The funds of the charity:					
Funds and reserves					
Unrestricted funds					
. General fund		**24,498,582**	**24,791,002**	24,445,139	24,810,704
Special trust funds	12	**15,929,329**	**15,929,329**	15,203,045	15,203,045
		40,427,911	**40,720,331**	39,648,184	40,013,749

The accounts were approved by the Executive Committee on 30 September 2024 and signed on their behalf by:

Linda Davis, Chair

D Keith Perry, Treasurer

Clare Scott Booth, Chief Executive

The Sheppard Trust, Company Limited by Guarantee
Registration Number 6621820 (England and Wales)

Consolidated statement of cash flows Year to 31 March 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**18,578,059**	(553,282)
Cash flows from investing activities:			
Sale/(purchase) of fixed assets		**—**	(45,635)
Investment income		**1,470,888**	160,118
Decrease/(increase) in short term deposits		**875,650**	(675,847)
Proceeds from the disposal of investments		**2,433,357**	775,781
Purchase of investments		**(23,554,305)**	(573,331)
Net cash provided by (used in) investing activities		**(18,774,410)**	(358,914)
Change in cash and cash equivalents in the year		**(196,351)**	(912,195)
Cash and cash equivalents at 1 April 2022		**2,666,201**	3,578,396
Cash and cash equivalents at 31 March 2023	B	**2,469,850**	2,666,201

Notes to the statement of cash flows for the year to 31 March 2024.

A Reconciliation of net movement in funds to net cash used in operating activities

	2024 £	2023 £
Net movement in funds (as per the statement of financial activities)	**779,727**	26,003,688
Adjustments for:		
Depreciation charge	**—**	54,113
Losses/(gains) on investments	**(209,770)**	182,305
Sale of fixed assets	**—**	(26,322,760)
Investment income	**(1,470,888)**	(160,118)
Decrease/(increase) in debtors	**20,127,050**	(349,438)
(Decrease)/increase in creditors	**(660,060)**	54,928
Increase/(decrease) in provision for pension liabilities	**12,000**	(16,000)
Net cash used in operating activities	**18,578,059**	(553,282)

B Analysis of cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	**2,398,714**	2,626,415
Cash held by investment managers	**71,136**	39,786
Total cash and cash equivalents	**2,469,850**	2,666,201

	At 31 March 2023 £	Cash flows £	**At 31 March 2024 £**
Cash at bank and in hand	2,626,415	(227,701)	**2,398,714**
Cash held by investment managers	39,786	31,350	**71,136**
Total net cash (debt)	2,666,201	(196,351)	**2,469,850**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2024. The financial statements are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate each reporting line of the financial statements of The Sheppard Trust and its subsidiary company, ST Property Company Limited, made up at the balance sheet date.

No separate statement of financial activities or statement of cash flows has been presented for the charity alone, as permitted by s408 of the Companies Act 2006 and the Charities SORP FRS 102. The charity had total income in the year of £2,067,591 (2023 - £27,003,439), total expenditure of £1,549,779 (2023 - £764,872) and net investment gain and actuarial losses of £188,770 (2023 - £177,306 losses) resulting in a net surplus of £706,582 (2023 – surplus of £26,061,261).

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Executive Committee and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- valuation of listed investments using published market prices as a best indicator of fair value;
- assessment of a discount rate to consider whether the discounting of future cash flows is material;
- estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation;

Critical accounting estimates and areas of judgement (continued)

- professional fees in connection with the development work have been treated as a prepayment on the basis that future economic benefits will be realised from these costs. Further details are included under future plans within the report of the Executive Committee; and

- assessing the probability of receipt and estimating the amount receivable in respect of legacies of which the charity has been notified, particularly where the estate is slow moving.

Assessment of going concern

The Executive Committee has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Executive Committee has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Executive Committee of the charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. The Executive Committee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and residents' maintenance contributions.

Donations received are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Income recognition (continued)
Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Dividend income is apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from residents' maintenance contributions is credited on an accruals basis.

Expenditure recognition
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.

- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include property expenditure, social expenditure and grants to residents.

The charity makes grants to self-funded residents to support the payment of weekly maintenance contributions. These grants are recognised in full in the year they are awarded, unless the recipient has to fulfil performance conditions before the grant is released.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of staff time.

Tangible fixed assets

Expenditure on furniture, computer equipment, fixtures and fittings is written off in the year in which it is incurred except in the case of amounts of a non-recurring nature in excess of £10,000. These are capitalised and depreciated on a straight-line basis over four years.

Listed investments

Listed investments held as non-current assets and current asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains or losses on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year end and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains or losses are apportioned between funds in the ratio of the market value of separate funds at the beginning of the accounting period.

The Trustees monitor the underlying risks to which the investments are exposed by regular meetings and reviews with the investment managers. The risks to which the investments are exposed include market and credit risk. The exposure to market risk is mitigated by the Trust investing in a diverse portfolio of investments across various markets. Current asset investments are exposed to credit risk by this pooled fund being invested in short dated bonds and near cash investments. The risk is mitigated by the pooled fund being actively managed by the fund manager.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015.

The company was active from 1 April 2018. Results have been consolidated on a line by line basis.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

Special trust funds comprise monies for which the charity has responsibility in trustee capacity. Income from the endowment fund can be used for general purposes and is credited directly to unrestricted reserves, unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

Pension contributions

The Trust participates in The Social Housing Pension Scheme (SHPS), a multi-employer pension plan which is funded and contracted out of the state scheme. Pension liabilities in respect of the defined benefits section of the Scheme are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as other recognised gains or losses.

Additional disclosures in relation to the pension plan are given in note 14.

Pension costs in respect of the defined contribution section of the plan are recognised when payable on an accruals basis.

Share capital

The company is limited by guarantee and has no share capital. Each member of the company guarantees to subscribe such amount as may be required for the purposes of the company, not exceeding £1 sterling.

1 Income from charitable activities

	Unrestricted funds	
	2024	2023
	£	£
Residents' maintenance contributions	**537,682**	480,747

2 Income from investments

	Unrestricted funds	Restricted funds	**Total 2024**
	£	£	**£**
UK listed investments			
. Equities and unit trusts	48,380	—	**48,380**
. Fixed interest	460,634	731,222	**1,191,856**
Bank interest	230,652	—	**230,652**
2024 Total funds	739,666	732,222	**1,470,888**

	Unrestricted funds	*Restricted funds*	*Total 2023*
	£	*£*	*£*
UK listed investments			
. Equities and unit trusts	*41,734*	*5,838*	*47,572*
. Fixed interest	*6,910*	*—*	*6,910*
. Charities Property Fund	*4,747*	*—*	*4,747*
Bank interest	*100,889*	*—*	*100,889*
2023 Total funds	*154,280*	*5,838*	*160,118*

3 Donations and legacies

	Unrestricted funds	
	2024	2023
	£	£
Donations	**2,148**	2,762
Legacies	**—**	37,052
	2,148	39,814

4 Expenditure on charitable activities

	Direct costs £	Support costs (note 6) £	**Total 2024 £**
Property expenditure:			
. Service costs	753,642	320,312	**1,073,954**
. Repairs	151,397	64,347	**215,744**
. Management fees	27,364	—	**27,364**
. Professional and consultancy fees	8,431	—	**8,431**
	940,834	384,659	**1,325,493**
Governance	—	25,563	**25,563**
Social expenditure	4,913	—	**4,913**
Grants to residents	7,000	—	**7,000**
	952,747	410,222	**1,362,969**

	Direct costs £	*Support costs (note 6) £*	*Total 2023 £*
Property expenditure:			
. Service costs	*173,464*	*109,543*	*283,007*
. Repairs	*236,272*	*149,206*	*385,478*
. Property depreciation	*54,113*	*—*	*54,113*
. Professional and consultancy fees	*31,557*	*—*	*31,557*
	495,406	*258,749*	*754,155*
Governance	*—*	*20,831*	*20,831*
Social expenditure	*8,665*	*—*	*8,665*
Grants to residents	*13,378*	*—*	*13,378*
	517,449	*279,580*	*797,029*

5 Costs of raising funds

	Unrestricted funds	
	2024 £	2023 £
Investment management fees	**52,697**	18,253
Advertising costs	**4,096**	7,593
	56,793	27,542

6 Support costs

	2024 £	2023 £
Staff costs	**234,255**	192,607
Professional fees	**25,942**	24,133
General office costs	**123,822**	41,009
Pension interest costs	**1,000**	1,000
Governance costs		
. Auditor's remuneration	**22,720**	18,150
. Accounts preparation fees	**2,483**	2,681
	410,222	279,580

7 Staff costs

a) Executive Committee members and employees

	Total 2024 £	Total 2023 £
Committee expenses		
Travel expenses for 2 Committee members (2023 - 3)	**1,676**	678
Staff costs		
Salaries	**233,737**	212,951
Social security costs	**20,424**	19,452
Pension costs	**23,962**	19,272
	278,123	251,675

Staff costs have been allocated as follows:

	Total 2024 £	Total 2023 £
Charitable activities	**43,868**	59,068
Support costs	**234,255**	192,607
	278,123	251,675

b) Number of employees

The average number of employees expressed as full time equivalents was as follows:

	2024 No.	2023 No.
Management staff	**3**	3
Cleaners	**1**	1
	4	4

The number of employees earning over £60,000 in the year was as follows:

	2024 No.	2023 No.
£100,001- £110,000	**1**	1

7 Staff costs (continued)

c) Key management personnel

The key management personnel of the charity with authority for planning, directing and controlling the activities of the charity, and running and operating the charity on a day to day basis, comprise the Board of Trustees and the Chief Executive. The total cost of employment (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £131,810 (2023 - £125,845).

8 Investments

a) Listed investments

Group and charity	**2024 £**	2023 £
At 1 April	**2,404,330**	2,582,909
Purchases at cost	**561,393**	540,829
Disposal proceeds	**(606,858)**	(525,781)
Accrued interest	**1,912**	—
Increase (decrease) in market value	**209,771**	(193,627)
Market value as at 31 March	**2,570,548**	2,404,330
Cash on deposit and dealing account	**71,136**	39,786
Total investments as at 31 March	**2,641,684**	2,444,116
Analysis by type – UK listed investments		
. Equities and unit trusts	**2,157,565**	2,055,654
. Fixed interest	**174,758**	203,749
. Charities Property Fund	**60,218**	104,767
. Alternative assets	**178,007**	40,160
	2,570,548	2,404,330
Cash on deposit and dealing account	**71,136**	39,786
	2,641,684	2,444,116
Historical cost of the above	**1,919,096**	1,828,590

As at 31 March 2024, no individual investment holding represented a material amount of the total portfolio valuation. The largest single holding represented 6.59% of the total portfolio.

9 Investments

b) Investment in subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015. The results of the subsidiary for the year ended 31 March 2024 are set out below.

	2024 **£**	2023 £
Turnover	**4,697,472**	—
Cost of sales	**(4,560,652)**	—
Operating expenses	**(63,675)**	(57,573)
Operating profit/(loss)	**73,145**	(57,573)
Loss brought forward	**(365,567)**	(307,994)
Retained loss	**(292,422)**	(365,567)

At 31 March 2024, ST Property Company Limited had retained losses of £292,422 (2023 - £365,567) and called up share capital of £1 (2023 - £1). The results and balance sheet figures have been consolidated on a line by line basis within the accounts of The Sheppard Trust. The SOFA (page 20) excludes the management fee which is eliminated on consolidation.

10 Current asset investments

Group and charity	**2024** **£**	2023 £
At 1 April	**1,826,499**	2,032,675
Withdrawal		(250,000)
Disposal	**(1,826,499)**	
Interest re-invested	**—**	32,502
Increase (decrease) in market value	**—**	11,322
Market value at 31 March	**—**	1,826,499
Analysis by type – UK listed investments		
. Equities and unit trusts	**—**	1,826,499
Historical cost of the above	**—**	1,669,951

Proceeds from the disposal of property in 2023 of £22,991,000 have been invested in short term liquidity funds.

10 Debtors

	Group 2024 £	**Charity 2024 £**	Group 2023 £	Charity 2023 £
Legacies receivable	**—**	**—**	115,945	115,945
Accounts receivable	**4,568,013**	**7,362**	12,492	12,492
VAT recoverable	**60,997**	**—**	33,665	—
Prepayments – development costs	**3,523,217**	**500,000**	2,570,884	500,000
Due from subsidiary undertaking	**—**	**7,941,174**	—	2,317,696
Accrued income	**492,797**	**492,797**	8,262	8,262
Prepayments and other debtors	**76,030**	**76,030**	62,061	62,061
Amounts due from sale of property				
- due in less than one year	**3,900,000**	**3,900,000**	26,044,795	26,044,795
- due in more than one year	**—**	**—**	3,900,000	3,900,000
	12,621,054	**12,917,363**	32,748,104	32,961,251

11 Creditors: amounts falling due within one year

	Group 2024 £	**Charity 2024 £**	Group 2023 £	Charity 2023 £
Accounts payable	**108,942**	**80,904**	6,320	6,320
Social security and taxation	**5,449**	**5,449**	—	—
Accruals	**67,456**	**21,980**	835,587	678,137
Social housing grant repayable	**1,318,048**	**1,318,048**	1,318,048	1,318,048
	1,499,895	**1,426,381**	2,159,955	2,002,505

12 Special trust funds

Group and charity	At 1 April 2023 £	Income £	Expenditure £	Gains and losses £	**As at 31 March 2024 £**
Special trust funds					
Endowment fund	15,202,045	737,171	(25,621)	20,683	**15,934,278**
Restricted fund	1,000	—	—	—	**1,000**
	15,203,045	737,171	(25,621)	20,683	**15,935,278**

Special trust funds

The Special Trust Funds are assets including investments endowed to the unincorporated charity which cannot be fully transferred. Assets which derive from the sale of properties previously held in the Special Trust Funds are retained in those funds to be spent on the purchase of future replacement property.

12 Special trust funds

Special trust funds *(continued)*

Group and charity	*At 1 April 2022 £*	*Income £*	*Expenditure £*	*Gains and losses £*	*As at 31 March 2023 £*
Restricted funds					
Capital grant fund	*711,314*	*—*	*(18,938)*	*(692,376)*	*—*
Maintenance fund	*—*	*5,838*	*(5,838)*	*—*	*—*
	711,314	*5,838*	*(24,776)*	*(692,376)*	*—*
Special trust funds					
Endowment fund	*1,232,240*	*14,007,232*	*(19,458)*	*(17,969)*	*15,202,045*
Restricted fund	*1,000*	*—*	*—*	*—*	*1,000*
	1,233,240	*14,007,232*	*(19,458)*	*(17,969)*	*15,203,045*

13 Net assets between funds

Fund balances at 31 March 2024 are represented by:

Group	Unrestricted funds £	Special trust funds £	**Total 2024 £**
Investments	2,136,539	505,144	**2,641,683**
Net current assets	22,408,224	15,430,134	**37,838,358**
Provisions	(38,000)	—	**(38,000)**
	24,506,763	15,935,278	**40,442,041**

Charity	Unrestricted funds £	Special trust funds £	**Total 2024 £**
Investments	2,136,539	505,144	**2,641,683**
Net current assets	22,700,644	15,430,134	**38,130,778**
Provisions	(38,000)	—	**(38,000)**
	24,799,183	15,935,278	**40,734,461**

Group	*Unrestricted funds £*	*Special trust funds £*	*Total 2023 £*
Tangible fixed assets			
Investments	*1,959,655*	*484,461*	*2,444,116*
Net current assets	*18,890,775*	*18,339,292*	*37,230,067*
Provisions	*(26,000)*	*—*	*(26,000)*
	20,824,430	*18,823,753*	*39,648,183*

13 Net assets between funds (continued)

Charity	*Unrestricted funds £*	*Special trust funds £*	*Total 2023 £*
Tangible fixed assets			
Investments	*1,959,656*	*484,461*	*2,444,117*
Net current assets	*22,877,048*	*14,718,584*	*37,595,632*
Provisions	*(26,000)*	*—*	*(26,000)*
	24,810,704	*15,203,045*	*40,013,749*

14 Pension Scheme

From 1 October 2010, the Trust offers new joiners participation in the defined contribution section of the Social Housing Pension Scheme, having previously offered entry into the defined benefit section. The Trust closed the defined benefit section to new entrants at the same date.

Social Housing Pension Scheme (Defined Contribution)

This scheme is administered by The Pensions Trust and is a defined contribution scheme. The employer contribution rate payable by the Trust per annum is 6%.

Social Housing Pension Scheme (Defined Benefit)

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The latest estimated employer debt on withdrawal from the scheme, being as at 30 September 2023, is £84,901 (30 September 2022 - £104,561).

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

14 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Defined benefit liability

	2024 £	2023 £
Fair value of plan assets	**180,000**	110,000
Present value of defined benefit obligation	**(218,000)**	(136,000)
Deficit in plan recognised	**(38,000)**	(26,000)

	Year to 31 March 2024 £	Year to 31 March 2023 £
Defined benefit obligation at start of period	**136,000**	254,000
Current service cost	**—**	6,000
Expenses	**2,000**	2,000
Interest expense	**6,000**	6,000
Contributions by plan participants	**—**	5,000
Actuarial gains due to scheme experience	**94,000**	(35,000)
Actuarial (gains) due to changes in demographic assumptions	**(4,000)**	—
Actuarial losses (gains) due to changes in financial assumptions	**4,000**	(32,000)
Benefits paid and expenses	**(20,000)**	(70,000)
Defined benefit obligation at end of period	**218,000**	136,000

	Year to 31 March 2024 £	Year to 31 March 2023 £
Fair value of plan assets at start of period	**110,000**	212,000
Interest income	**5,000**	5,000
Experience (losses) on plan assets	**73,000**	(62,000)
Employer contributions	**12,000**	20,000
Member contributions	**—**	5,000
Benefits paid and expenses	**(20,000)**	(70,000)
Fair value of plan assets at end of period	**180,000**	110,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £78,000. (2023 – negative return of £57,000).

14 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

	Year to 31 March 2024 £	Year to 31 March 2023 £
Included in expenditure on charitable activities		
Current service cost	**—**	6,000
Expenses	**2,000**	2,000
Net interest expense	**1,000**	1,000
Total expense	**3,000**	9,000

	Year to 31 March 2024 £	Year to 31 March 2023 £
Included in other recognised gains and losses		
Experience (losses) on plan assets	**73,000**	(62,000)
Experience gains arising on the plan liabilities	**(94,000)**	35,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	**4,000**	—
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	**(4,000)**	32,000
Total gains (losses)	**(21,000)**	5,000

Assets

The charity's share of assets held within the Scheme at 31 March 2024 are shown below. None of the fair values of the assets include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	2024 £	2023 £
Absolute Return	**7,000**	1,000
Alternative Risk Premia	**6,000**	
Cash	**4,000**	1,000
Credit Relative Value	**6,000**	4,000
Distressed Opportunities	**6,000**	3,000
Emerging Markets Debt	**2,000**	1,000
Global Equity	**18,000**	2,000
Infrastructure	**18,000**	13,000
Insurance-Linked Securities	**1,000**	3,000
Liability Driven Investment	**74,000**	51,000
Long Lease Property	**1,000**	3,000
Opportunistic Illiquid Credit	**7,000**	5,000
Private Debt	**7,000**	5,000
Property	**7,000**	5,000
Risk Sharing	**11,000**	8,000
Secured Income	**5,000**	5,000
Total assets	**180,000**	110,000

14 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Key assumptions

	31 March 2024 % p.a.	31 March 2023 % p.a.
Discount rate	**4.80**	4.93
Inflation (RPI)	**3.27**	3.16
Inflation (CPI)	**2.67**	2.48
Salary Growth	**3.67**	3.48
Allowance for commutation of pension for cash at retirement	**75%**	75%

	Life expectancy at age 65
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

15 Trustees and indemnity insurance

The Trust has taken out a Directors and Officers Management Protection policy with RSA with a total cover of £1 million for any one claim.

16 Capital commitments and post balance sheet events

On 29 March 2023 The Sheppard Trust and ST Property Company Ltd entered into a Supplemental agreement with the Trustees of the Royal Cambridge Home, the effect of which was to vary a previous conditional agreement and to commit the Trust to the purchase of land owned by the Royal Cambridge Home. The Trust is now building its future new home on the land purchased. The capital commitment for the Sheppard Trust at 31 March 2024 (and at 31 March 2023) was to purchase the land in exchange for i) funding the construction of a new 32 bed care home for the Royal Cambridge Home, to be constructed by ST Property Company Ltd, and ii) a Fixed Land Payment. At 31 March 2024 (and at 31 March 2023) the capital commitment in respect of the Fixed Land Payment was £1,775,000. After the year end the Supplemental Agreement was amended by a Deed of Variation dated 8 July 2024, the effect of which was to reduce the Fixed Land Payment, and the final amount paid was £1,548,334.

On 29 March 2023 ST Property Company Ltd entered into a contract with Red Construction Group Ltd to construct the care home described above, for the sum of £8,117,941. Construction of the home commenced in April 2023 and was completed in July 2024.

On 6 September 2024 the Fixed Land Payment was paid and the transfer of land from the Royal Cambridge Home to the Sheppard Trust was completed.

16 Capital commitments and post balance sheet events (continued)

On 17 September 2024 ST Property Company Ltd entered into a contract with Red Construction Group Ltd to construct a housing scheme of 60 one bedroomed independent living apartments with associated communal facilities, for The Sheppard Trust, on the land purchased. The contract value was £21,825,960.

On 9 September 2024 The Sheppard Trust entered into an agreement with Birchgrove Life for provision of accommodation at Ayrton House, Mill Hill from September 2024 until the new housing scheme is complete, and on 10 September 2024 gave notice to terminate its lease of the Lansdowne Walk properties in January 2025. As at 30 September 2024 the Trust was in the process of moving residents and its operations to Ayrton House.

There were no other capital commitments or post balance sheet events.

17 Related party transactions

The charity owns the entire share capital in ST Property Company Limited (note 8b). During the year, the charity recharged costs of £56,872 (2023 - £54,934) to the company. At 31 March 2024, ST Property Company Limited owed the charity £7,941,174 (2023 - £2,317,696) relating to costs settled by the charity in order to support the company's cash flow needs.

Other than Executive Committee members expenses, as disclosed in note 7, there were no further related party transactions.

18 Operating lease commitments

At 31 March 2024 the group and charity had the following future minimum commitments in respect to non-cancellable operating leases:

	Property	
	2024	2023
	£	£
Amounts due:		
Within one year	**108,333**	650,000
Due in more than one year	**—**	108,333
	108,333	758,333

THE SHEPPARD TRUST

England & Wales - Charity number 1133356

Accounts

The Sheppard Trust

Annual Report and Financial Statements

31 March 2023

Company Limited by Guarantee
Registration Number
6621820 (England and Wales)

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Reference and administrative details Year to 31 March 2023

Executive Committee as at 2 October 2023	Linda Davis, Chair Martyn Carter Amelia Gosal Christina Jordan, Vice Chair Keith Perry, Hon. Treasurer Melanie Saunders Claire Watson Neil White Agnes Woolrich
Chief Executive and Secretary	Clare Scott Booth
Registered address	12 Lansdowne Walk London W11 3LN
Company registration number	6621820 (England and Wales)
Charity registration number	1133356
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment Managers	Investec Wealth and Investment Limited 2 Gresham Street London EC2V 7QN Royal London Asset Management Limited 55 Gracechurch Street London EC3V 0UF
Principal Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB

Solicitors	BDB Pitmans LLP One Bartholomew Close London EC1A 7BL
	Trowers and Hamlins LLP 3 Bunhill Row London EC1Y 8YZ

The Sheppard Trust
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The Executive Committee, whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the consolidated financial statements of The Sheppard Trust (the "Trust") and its subsidiary ST Property Company Limited for the year ended 31 March 2023.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

OUR PURPOSES AND ACTIVITIES

Providing Homes

Maintaining Independence

Community Spirit

The Sheppard Trust is an almshouse charity founded in 1855.

Its main charitable object is to provide low-cost housing for women who are in need, hardship or distress, who are aged 55 or over and who share community values. In practice the trustees normally accept applications from women aged 65 or over, in order to prioritise those most in need of the type of housing and support available.

The Trust's main activity is providing housing, with some staff support, which enables our residents to live comfortably and independently in their own accommodation. Currently there is accommodation for 29 older women in need of low-cost, comfortable and secure homes. Sheppard Trust residents have the security of knowing that their homes will remain affordable and well maintained, and that support is on hand when needed.

The Trust's activities are underpinned by a strong set of values: that the residents should feel comfortable, warm and secure in their homes; that their independence, privacy and dignity should always be respected; that their homes, the utility services and safety systems should be maintained to a high standard; that they should be well-supported at times of ill health or other need; and that a mutually supportive community spirit should develop through a range of social activities. All the activities undertaken are informed by these values.

Priority is given to those in the greatest need and residents often come to us from insecure or unsettled accommodation. The majority of the residents receive housing benefit and other welfare benefits, and those who are ineligible for this support nevertheless have incomes and savings far from adequate to buy or privately rent a home in or near to London.

OUR PURPOSES AND ACTIVITIES (continued)

The Trust's work contributes to reducing homelessness amongst older people, and reducing social care costs by helping residents remain independent and active. The Executive Committee firmly believes that the provision of affordable housing for those in need is for the public benefit, and confirms that in planning its activities it has had regard to the Charity Commission's general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

After two years dominated by the Covid-19 pandemic, we were able to broaden our activities in 2022/23. At the start of the year we completed the major exterior works at one of the houses, and we continued to focus on maintaining our Victorian properties to a high standard.

We continued to provide a support service designed to maintain independent living. This includes:

- Daily welfare visits to our most vulnerable residents, providing support and company as well as checking on health and wellbeing;
- Help to those going into or leaving hospital, for example collecting prescriptions and shopping;
- Helping older residents to arrange and access social activities and transport to attend them;
- Improving independence by identifying needs and providing equipment or making minor alterations in a residents flat, working with occupational therapists; and
- Advocating for our residents with social services and care agencies to ensure they are receiving any care they need.

The Trust's work responds to the continued external changes in support for older people, along with increases in life expectancy. Older people are now being enabled to stay in their homes longer in life and the Trust is increasingly involved in working intensively with families, social services and other agencies to ensure our residents' care and support needs can be met. Our current buildings remain increasingly constraining and we encounter a number of physical difficulties in meeting the needs of individual residents, ranging from the steps and the bathroom facilities to sound and heat insulation issues. We continued to pursue our plans to relocate (see Future Plans below).

During the year three residents moved to care homes, and one sadly died. We welcomed five new residents, all of whom were living in unsuitable accommodation for their needs. Our residents now range between the ages of 66 and 95.

Jenny Mayling, Assistant to the Chief Executive, left the Trust after 15 years service. We are very grateful for her commitment and hard work for the Trust over this time. We took the opportunity to restructure the work and Lisa Brewer joined us as Housing Scheme Manager.

ACHIEVEMENTS AND PERFORMANCE (continued)

We were able to cautiously recommence outings and events for our residents. Two residents organised a garden party to celebrate HM Queen Elizabeth's Platinum Jubilee. A summer lunch was also held in the garden. In the winter we visited the Hampton Court Christmas Fayre, which was also an opportunity to see our new site (see Future Plans below), held a lively Christmas Lunch, and a very popular trip to the ballet. We finished the year with a theatre trip to see The Bodyguard.

FUTURE PLANS

The Sheppard Trust has for some years been committed to an ambitious vision for a brand new, fit for purpose housing scheme, where its residents can enjoy excellent facilities and a home that meets their needs for life, and where it can double the number of beneficiaries. We continued to work towards realising this vision.

Housing for older people has never been more important and there is a huge need for good quality, affordable provision for those of limited means to buy or rent property. The Trust's current properties have served their purpose well for many years in providing secure and comfortable homes, but the physical limitations of the current buildings are already restricting us and will not meet the needs for the next generation of older women.

The main issues we face in our current location are:

- Access: no facilities for wheelchair or mobility scooter users, and difficulties for those with other mobility related needs. Five of the flats have steps within them which are a potential hazard and not appropriate for housing designated for older people. There is no level access to enter the buildings and although there are lifts there are steps in some of the narrow internal corridors and no level access to some flats.

- Space standards: most of the flats are not suitable for housing older people, particularly those with mobility related needs or care and support needs. For example the bathrooms allow insufficient space for those who need support from carers for personal care, and most of the kitchens are unsuitable for those with mobility related needs.

- Poor noise and heat insulation, poor energy performance, limited natural light in some areas, and limited communal and circulation spaces.

- Other significant limitations in how the properties could be adapted to meet modern and future best practice in housing for older people, for example to become "dementia friendly" or to include technology to support lifestyle or care and support needs.

As explained in "Achievements and Performance" above, there are already situations in which these issues mean residents' needs cannot be fully met to the high standards we aspire to.

As a result, the Executive Committee concluded that continuing to maintain and attempting to upgrade these Victorian homes is not good value for money, as the potential for people to "age in place" is significantly limited, the age of the buildings means it is highly challenging to create homes with low maintenance and running costs, and the properties were unlikely to meet the aspirations of future generations of older people. Therefore for some years it has pursued a strategy to relocate the Trust to modern purpose built homes designed for the needs of older people and located in a more affordable area.

FUTURE PLANS (continued)

The vision is for housing which will enable residents to remain in their homes much longer in life and in most cases for the rest of their lives, and also to provide for a greater number of beneficiaries. Our vision also includes a tailored on-site support offer and access to care services to meet individual needs and a range of community activity giving choices for an active and fulfilling old age.

The Trust started its search for a suitable site in the Royal Borough of Kensington and Chelsea, where its current properties are located, but gradually widened the area of search over the past ten years as it became increasingly apparent that no suitable and affordable sites were viable prospects within the borough. Sites throughout the West London area and just outside were also considered. After this long search, the Trustees announced in October 2018 that an agreement had been reached with the Royal Cambridge Home to purchase part of their site in East Molesey, near Hampton Court, subject to planning permission. The site is situated in a very pleasant residential area with access to shopping and leisure facilities and there is easy access to Central London in just over half an hour from Hampton Court station. There are mature trees on all sides and significant green spaces as well as easy level access to the Thames riverside with its walking paths and cafes.

Planning permission was granted in October 2021 for a scheme including 60 large one bedroom flats for the Sheppard Trust, which will house our current residents, women on our waiting list, and local women in need of low cost housing. There will be a range of communal facilities – a lounge, café, hairdressing/therapy room, physical activity room, meeting room and other useful spaces for meeting together. The housing will meet high modern standards in terms of space standards, future adaptability including wheelchair use and assistive technologies, sound and heat insulation, energy performance and security, based on the HAPPI standards which set out best practice for older people's housing. It will have a residential character that promotes independence and avoids an institutional atmosphere.

A brand-new care home for the Royal Cambridge Home is planned to be located on the remainder of the site. The two buildings, and the two charities, will be separate but will complement each other.

Work intensified on bringing this scheme to reality although challenges remain due to increasing construction costs and interest rates. We carried out a tendering process for the care home building and construction started on site on 3 April 2023.

The Trust had always intended to dispose of the current properties in order to fund the new scheme. In early 2022 we started to market the properties with the objective of giving greater certainty over their value and therefore to give us greater confidence in proceeding towards a building contract. In October 2022 a sale was agreed and this completed in March 2023 for proceeds of £30m. As part of the agreement, the Trust entered into a lease of the properties so that it will continue to occupy them for up to a further 23 months. All the proceeds net of sales costs will be reinvested into our new scheme.

This exciting development will enable us to offer homes which truly meet our residents' needs into old age, enable us to offer homes for life in most cases, and double the number of beneficiaries that the Trust is able to help.

FUTURE PLANS (continued)

The development work is being undertaken by the Trust's wholly owned subsidiary company, ST Property Company Limited. This is in order to ringfence the charity from some of the risks of entering into construction contracts and also for tax effectiveness. The company has entered into a deed of covenant so that all its profits will be gifted to the charity.

The Trustees had very much hoped to avoid the need for interim accommodation but as the sale agreement and building developments progressed it became apparent that it would be necessary for the Trust to move to interim accommodation once the lease expires, for a period of around a year. The Trustees appreciate that this causes continued uncertainty for our current residents. We will find interim accommodation for our current residents and they will all be guaranteed a brand new flat in our new scheme, but moving house, particularly at an advanced age, can be daunting and stressful. We will see to all the business of moving at no cost to our residents and support them through the whole process. For some of our residents with close ties to our current location, moving with us may not be the right option. We have offered a package of support and assistance to those residents to help them to find suitable alternatives if they wish to, and to help with moving. During the process we will continue our efforts to communicate well with our residents. After the year end residents started to get involved in the detailed design process for our new building, and to share their views on the priorities for choosing interim accommodation.

Our continued objective is to safeguard the future of the Sheppard Trust by providing modern accommodation which meets its current and future residents' needs for many years to come, as well as doubling the number of women in need who we are able to help.

FINANCIAL REVIEW

The financial results of the Trust were significantly influenced by realising the profit on sale of the Lansdowne Walk properties. There was a surplus for the year of £26,003,688. Excluding the profit on sale of property, there was an operating deficit for the year of £141,766 before losses on investments and actuarial gains on the defined benefit pension liability. This operating deficit was primarily due to the continued large investment in maintenance works and the completion of the major works. Maintenance expenditure including support costs was £385,478 (£13,292 per flat). The major works had been budgeted to be spent from reserves.

The Executive Committee remains satisfied that the underlying financial position of the Trust is secure, and that it is well placed to maintain the present level of service and to plan for the future.

Review of business

The Trust's income for the period under review, excluding the sale of property, increased from £566,418 to £680,679. The main reasons for this were increases in investment income due to rising interest rates, an increase in residents' weekly maintenance contribution income because of filling empty flats more quickly, an inflationary increase in these contributions, and a legacy received being higher than expected. Expenditure has increased from £773,989 to £822,445. This was primarily because of very large increases in utility costs and partly due to increasing staff costs. The profit on sale of property was £26,322,760.

FINANCIAL REVIEW (continued)

Review of business (continued)

There was a surplus of income over expenditure for the year of £26,180,994 (2022 – surplus of expenditure over income of £207,571). Losses on investments and actuarial gains resulted in a net increase in funds of £26,003,688 (2022 – decrease of £128,320).

At 31 March 2023, the Trust's total reserves amounted to £39,648,184 (2022 - £13,644,496). Of this, £15,203,045 (2022 - £1,233,240) related to special trust funds, which consist of investments and proceeds of sale of property endowed to the unincorporated charity. These proceeds of sale will be reinvested in new property which will be endowed to the unincorporated charity. The restricted capital grant fund was reduced to £nil (2022 - £760,139) as a result of the sale of the property. The purposes of these funds are described in more detail on page 37.

Unrestricted reserves have increased from £11,699,942 to £24,445,139. It remains the Trust's policy in due course to invest a very large part of its reserves in new housing for a greater number of beneficiaries.

Reserves policy

The Sheppard Trust holds reserves for three main purposes:

- To cover fluctuations in working capital, and to cover expenditure in the event of unexpected circumstances such as an unforeseen drop in investment income or vacancies in the accommodation;
- To ensure funds are available when needed for major property repairs above and beyond the normal annual expenses of maintenance; and
- To spend, over the next three years, on expanding the charity's activities by providing new, modern accommodation for a much greater number of beneficiaries.

Once a beneficiary has been accepted, the Trust aims to support and enable her to stay in her home in the Trust's property for as long as possible, and it therefore has a long term commitment to maintain its properties to a suitable standard and to support its beneficiaries.

The Executive Committee has concluded that a suitable level of ongoing free reserves for the first two purposes is c.£2.7m, taking into account their plans for a new property housing twice as many beneficiaries, and the preliminary operating budgets.

The Executive Committee intend to spend the reserves in excess of this on the proposed new accommodation, using any additional funds available to improve the facilities available to the residents or to increase the number of residential units available for beneficiaries. Currently reserves are already being used to fund the development of the scheme.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

As at 31 March 2023 the general reserves stood at £24.4m. The trustees therefore consider that £2.7m of this should be held as ongoing reserves and the remainder of £21.7m is available to be spent on this exciting project, as well as the proceeds of sale of property held in the special trust funds. The trustees are keeping the levels of reserves under review as the project progresses.

The trustees invest the ongoing reserves in order to contribute to the Trust's income and aim to match the liquidity of the investments to the predicted needs for cash. Reserves intended to be spent on the proposed new accommodation were liquidated in 2018 and 2019 and are now held as cash or cash equivalents to reduce the risk of fluctuations in value.

Going concern

The Trust has relatively stable sources of income and a high level of capital and reserves and its main source of income has not been materially disrupted by external factors. Whilst economic uncertainty and inflationary pressures do affect the Trust, increased interest rates and maintenance charges mitigate this. The Executive Committee are wholly confident that the Trust has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Investment policy

The general objectives of the Trust's Investment Policy are to produce a reasonable level of income to help the Trust meet its commitments, and for the capital to grow over time at least in line with inflation.

The objectives are to be achieved by investing prudently and cautiously in a broad range of fixed interest securities and equities which are quoted by a recognised Investment Exchange, in Common Investment Funds and in unit trusts and open-ended investment companies which are authorised under the Financial Services and Markets Act 2000. Investments in derivatives are not permitted except with the written permission of the Executive Committee.

There are no ethical or geographical restrictions with regard to investment, but the Trust has confirmed with its investment managers that they should have regard to socially responsible investment issues when managing its portfolio.

The Trust has appointed Investec Wealth and Investment Ltd., who have confirmed that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, as investment managers with delegated discretionary powers of investment. Investec reports on performance quarterly.

FINANCIAL REVIEW (continued)

The portfolio is measured against a customised benchmark comprising: 15% Govt Bond Index, 35% FTSE All Share, 40% FTSE World ex UK, 5% IPD Index, 3% alternative assets and 2% prevailing cash rates. The Trust's investment policy requires its investment managers to outperform the agreed benchmark by 1% p.a. over a rolling three year period. Over the 12 month period the portfolio underperformed the benchmark by 2.6% and over a three year period the portfolio underperformed the benchmark by 1.6%. The three year performance is still distorted by changes in investment strategy in 2019 in order to prioritise liquidity ready for future investment in new accommodation. The trustees are satisfied that the performance is on track after taking these factors into account.

Principal funding sources

The Trust's total income, excluding the property sale, for the year ending 31 March 2023 was:

	2023		2022	
	£	**%**	£	%
Income from residents' maintenance contributions	**480,747**	**71%**	459,070	81%
Investment income	**160,118**	**23%**	95,741	17%
Donations and legacies	**39,814**	**6%**	11,607	2%
	680,679	**100%**	566,418	100%

Fundraising

The Trust is very grateful to the donors who supported our work during the year. They enabled us to provide additional support and services to our residents that might not otherwise be possible. The Trust is also grateful to those who support our work with a legacy. Legacy income is helping us to fund our future plans to help more beneficiaries in modern accommodation.

Donations (other than legacies) form a very small proportion of the Trust's income (under 1.5%). There is a small group of regular donors giving either annually or more frequently. The main fundraising methods are writing annually to our supporters about our work, and placing legacy advertising in suitable journals. The Trust does not use any professional fundraisers or commercial participators. As the Trust is small and fundraising is a minor part of its activity, it has not yet signed up to any voluntary fundraising schemes or standards. The Trustees are not aware of any external fundraising carried out on the Trust's behalf nor have they encouraged any.

No complaints were received about the Trust's fundraising activity during the year. The Trust has taken steps to protect vulnerable people and others from unreasonable activity, persistent approaches or undue pressure to give. All our supporters are invited to express their contact preferences and contact is only made in accordance with these preferences. For most supporters this is a single letter and annual report once each year. We include clear contact details on all communications so that our supporters can raise any issues or change their contact preferences. We respect our supporters' decisions including a decision to stop giving, with gratitude for their past support.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sheppard Trust is a company limited by guarantee (Company No. 6621820) and a charity registered with the Charity Commission in England and Wales registered charity (Charity No. 1133356). It was incorporated on 17 June 2008 and its governing documents are the Memorandum and Articles of Association.

The charity has a linked subsidiary charity, also known as Sheppard Trust, governed by a scheme of 1932 as subsequently amended. The Charity Commission issued a uniting direction on 5 August 2010 to link it with the incorporated charity. The unincorporated charity remains a separate entity and subsidiary of the incorporated charity, with the trusteeship of the endowment fund being vested in the incorporated charity.

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and commenced trading on 1 April 2018. The company has been set up to carry out property development projects on behalf of the charity.

The charity's Articles of Association stipulate that the Executive Committee shall consist of not fewer than six or more than eleven trustees/directors and that at least four of the trustees/directors shall be female. New trustees/directors are appointed by resolution of the Committee. The Committee's policy, when vacancies arise, has been to review the skills available to it through its members and to recruit to fill identified gaps in knowledge or expertise.

The following members of the Executive Committee served during the period:

	Appointed/Retired
Linda Davis, Chair	
Jonathan Cole, Hon Treasurer	Resigned 28 November 2022
Martyn Carter	
Amelia Gosal	
Christina Jordan, Vice Chair	
Keith Perry, Hon Treasurer from 28 November 2022	
Melanie Saunders	
Claire Watson	
Neil White	
Agnes Woolrich	

The Executive Committee is very thankful for the work and contribution of Jonathan Cole, who resigned during the year after serving as Hon Treasurer for over 10 years.

The Executive Committee takes responsibility for all strategic decisions and monitors the Trust's performance throughout the year. The Executive Committee normally meets six times each year. It is supported by two sub-committees – Finance Committee, and Appointments and Wellbeing Committee. The Executive Committee delegates responsibility for the day-to-day operation of the Trust to the Chief Executive. A Project Control Group has been set up to support the Executive Committee with its strategic development plans.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Executive Committee returned to holding meetings face to face with an option for members to join by video conferencing.

The Sheppard Trust is a member of both the National Housing Federation and the National Association of Almshouses. The Trust has adopted the latter body's 'Standards of Almshouse Management, a Guide to Good Practice'.

The Trust is also a member of the National Council for Voluntary Organizations (NCVO) and the Charity Finance Group. Membership of all these bodies brings training opportunities and an awareness of developments and initiatives in other parts of the voluntary sector.

None of the Executive Committee receives any remuneration from the charity. No related party transactions were reported, other than transactions with the charity's subsidiary.

Key management personnel

The Executive Committee consider that they, together with the Chief Executive, are the key management personnel in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

The remuneration of the Chief Executive and other staff is reviewed annually by the Finance Committee on behalf of the Executive Committee, taking into account increases in average earnings and other relevant market information.

No members of the Executive Committee were remunerated for their services to the Trust during the year.

Risk management

The Executive Committee is responsible for the management of risks faced by the Trust and, through its Chief Executive, ensures that appropriate systems are maintained, that new risks are identified as they arise and appropriate controls established. The Executive Committee has established a risk policy and a register of key risks which focuses on high-impact risks and which is regularly updated and presented at each meeting. By managing risk effectively, we try to ensure that:

- significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
- the charity makes the most of opportunities and develops them with the confidence that any risks will be managed;
- forward and strategic planning are improved;
- the charity's aims are achieved more successfully.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

The systems of control operated by the Trust are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key controls include detailed consideration by the Finance Committee of proposed budgets and regular management accounting information; agreed financial procedures defining, among other things, spending levels and which are regularly reviewed; regular review of the waiting list and resident welfare by the Appointments and Wellbeing Committee and regular review of health and safety compliance information by the Executive Committee.

The key risks currently facing the charity are

- external and internal factors preventing its future development plans being achievable at an acceptable cost or because insufficient resources are available. This includes inflationary increases in construction costs due to ongoing global economic circumstances. It also includes delays resulting in increased costs or affecting grants;
- the risks associated with maintaining the health, safety and welfare of its elderly residents, including safeguarding risks;
- the risk of loss of income or excessive expenditure.

The Executive Committee has carried out a risk assessment specifically to identify the risks associated with the Trust's development strategy. The main areas of risk include future construction costs, and government policy on revenue funding. There are also risks associated with economic uncertainty as a result of world events.

The Trust is addressing these risks by

- Scrutiny and monitoring of the development project by a designated Project Control Group so that mitigating actions can be taken, regular budget and resource reporting and development of a project governance system.
- Reviewing and enhancing its health and safety systems which include regular maintenance of all mechanical and electrical services, including particularly all fire precautions and central heating systems. Periodic fire and legionella risk assessments are undertaken. In addition, the condition of the fabric of the Trust's properties is kept under regular review and comprehensive insurances are in place. Ensuring that safeguarding policies and procedures are in place and that a safeguarding culture is developed.
- Periodic value for money exercises on specific aspects of expenditure.

The Executive Committee recognises that its systems provide reasonable, but not absolute, assurance that risks are being adequately managed, but believes that the major risks facing the Trust have been identified and that systems are in place to mitigate the effects of them.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Executive Committee (whose members are also the directors of The Sheppard Trust for the purposes of company law) is responsible for preparing the Executive Committee report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the Executive Committee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Executive Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

Each member of the Executive Committee confirms that:

- so far as the Committee Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Committee Member has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Report of the Executive Committee has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Executive Committee and signed on its behalf by:

Linda Davis, Chair
2 October 2023

Independent auditor's report to the members of The Sheppard Trust

Opinion

We have audited the financial statements of The Sheppard Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the group and parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and of the charitable parent company's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Executive Committee for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Executive Committee has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Executive Committees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- We identified the laws and regulations applicable to the group through discussions with key management and from our knowledge and experience of the sector in which the group operates;

- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the group. These included but were not limited to the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and representatives of those charged with governance.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Performed substantive testing on expenditure including the authorisation thereof;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Trustees' meetings; and
- Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

As a result of our procedures, we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

22 December 2023

Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Consolidated statement of financial activities Year to 31 March 2023
(incorporating the income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2023 £**	Total 2022 £
Income from:						
Charitable activities	1	480,747	—	—	**480,747**	459,070
Investments and interest receivable	2	154,280	5,838	—	**160,118**	95,741
Donations and legacies	3	39,814	—	—	**39,814**	11,607
Profit on disposal of tangible fixed assets	8	12,315,528	—	14,007,232	**26,322,760**	—
Total income		12,990,369	5,838	14,007,232	**27,003,439**	566,418
Expenditure on:						
Charitable activities	4	752,795	24,776	19,458	**797,029**	746,447
Raising funds	5	25,416	—	—	**25,416**	27,542
Total expenditure		778,211	24,776	19,458	**822,445**	773,989
Net income (expenditure) before (losses) gains on investment assets		12,212,158	(18,938)	13,987,774	**26,180,994**	(207,571)
Net investment (losses) gains	9, 10	(164,337)	—	(17,969)	**(182,306)**	85,251
Net income (expenditure) before transfers between funds		12,047,821	(18,938)	13,969,805	**25,998,688**	(122,320)
Transfers between funds	14	692,376	(692,376)	—	—	—
Net income (expenditure)		12,740,197	(711,314)	13,969,805	**25,998,688**	
Other recognised gains and losses		—	—	—	—	—
Actuarial gains (losses)	17	5,000	—	—	**5,000**	(6,000)
Net movement in funds		12,745,197	(711,314)	13,969,805	**26,003,688**	(128,320)
Reconciliation of funds						
Fund balances at 1 April 2022		11,699,942	711,314	1,233,240	**13,644,496**	13,772,816
Fund balances at 31 March 2023		24,445,139	—	15,203,045	**39,648,184**	13,644,496

All the group's activities derived from continuing operations during the above two financial periods.

The group has no recognised gains or losses other than those shown above.

Consolidated statement of financial activities Year to 31 March 2023
(incorporating the income and expenditure account)

Comparative statement of financial activities – year ended 31 March 2022

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2022 £
Income from:					
Charitable activities	*1*	*459,070*	*—*	*—*	*459,070*
Investments and interest receivable	*2*	*88,213*	*7,528*	*—*	*95,741*
Donations and legacies	*3*	*11,607*	*—*	*—*	*11,607*
Total income		*558,890*	*7,528*	*—*	*566,418*
Expenditure on:					
Charitable activities	*4*	*670,143*	*56,846*	*19,458*	*746,447*
Raising funds	*5*	*27,542*	*—*	*—*	*27,542*
Total expenditure		*697,685*	*56,846*	*19,458*	*773,989*
Net expenditure before gains on investment assets		*(138,795)*	*(49,318)*	*(19,458)*	*(207,571)*
Net investment gains	*9, 10*	*76,606*	*493*	*8,152*	*85,251*
Net income (expenditure)		*(62,189)*	*(48,825)*	*(11,306)*	*(122,320)*
Other recognised gains and losses					
Actuarial losses	*17*	*(6,000)*	*—*	*—*	*(6,000)*
Net movement in funds		*(68,189)*	*(48,825)*	*(11,306)*	*(128,320)*
Reconciliation of funds					
Fund balances at 1 April 2021		*11,768,131*	*760,139*	*1,244,546*	*13,772,816*
Fund balances at 31 March 2022		*11,699,942*	*711,314*	*1,233,240*	*13,644,496*

	Notes	**Group 2023 £**	**Charity 2023 £**	Group 2022 £	Charity 2022 £
Fixed assets					
Tangible fixed assets	8	**—**	**—**	1,677,760	1,677,760
Investments	9	**2,444,116**	**2,444,117**	3,064,912	3,064,913
		2,444,116	**2,444,117**	4,742,672	4,742,673
Current assets					
Debtors	11	**32,748,104**	**32,961,251**	2,449,885	2,719,129
Investments	10	**1,826,499**	**1,826,499**	2,032,675	2,032,675
Short term deposits		**2,189,005**	**2,189,005**	1,513,158	1,513,158
Cash at bank and in hand		**2,626,415**	**2,621,382**	3,096,393	3,065,126
		39,390,023	**39,598,137**	9,092,111	9,330,088
Creditors: amounts falling due within one year	12	**(2,159,955)**	**(2,002,505)**	(148,287)	(78,272)
Net current assets		**37,230,068**	**37,595,632**	8,943,824	9,251,816
Total assets less current liabilities		**39,674,184**	**40,039,749**	13,686,496	13,994,489
Provision for liabilities	13	**(26,000)**	**(26,000)**	(42,000)	(42,000)
Total net assets		**39,648,184**	**40,013,749**	13,644,496	13,952,489
The funds of the charity:					
Funds and reserves					
Unrestricted funds					
. General fund		**24,445,139**	**24,810,704**	11,699,942	12,007,935
Restricted funds	14	**—**	**—**	711,314	711,314
Special trust funds	14	**15,203,045**	**15,203,045**	1,233,240	1,233,240
		39,648,184	**40,013,749**	13,644,496	13,952,489

The accounts were approved by the Executive Committee on 2 October 2023 and signed on their behalf by:

Linda Davis, Chair

D Keith Perry, Treasurer

Clare Scott Booth, Chief Executive

The Sheppard Trust, Company Limited by Guarantee
Registration Number 6621820 (England and Wales)

Consolidated statement of cash flows Year to 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**(553,283)**	(418,742)
Cash flows from investing activities:			
Purchase of fixed assets		**(45,633)**	(68,372)
Investment income		**160,118**	95,741
Proceeds from the disposal of investments		**775,781**	1,016,788
Purchase of investments		**(573,331)**	(386,896)
Net cash provided by (used in) investing activities		**316,935**	657,261
Change in cash and cash equivalents in the year		**(236,348)**	238,519
Cash and cash equivalents at 1 April 2022		**5,091,554**	4,853,035
Cash and cash equivalents at 31 March 2023	B	**4,855,206**	5,091,554

Notes to the statement of cash flows for the year to 31 March 2023.

A Reconciliation of net movement in funds to net cash used in operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	**26,003,687**	(128,320)
Adjustments for:		
Depreciation charge	**54,113**	50,344
Losses (gains) on investments	**182,305**	(85,251)
Profit on disposal of fixed assets	**(26,322,760)**	—
Investment income	**(160,118)**	(95,741)
Increase in debtors	**(349,438)**	(261,781)
Increase in creditors	**54,928**	102,007
Decrease in provision for pension liabilities	**(16,000)**	—
Net cash used in operating activities	**(553,283)**	(418,742)

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	**2,626,415**	3,096,393
Short term deposits	**2,189,005**	1,513,158
Cash held by investment managers	**39,786**	482,003
Total cash and cash equivalents	**4,855,206**	5,091,554

C Analysis of changes in net cash (debt)

	At 31 March 2022 £	Cash flows £	**At 31 March 2023 £**
Cash at bank and in hand	3,096,393	(469,978)	**2,626,415**
Short term deposits	1,513,158	675,847	**2,189,005**
Cash held by investment managers	482,003	(442,217)	**39,786**
Total net cash (debt)	5,091,554	(236,348)	**4,855,206**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2023. The financial statements are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate each reporting line of the financial statements of The Sheppard Trust and its subsidiary company, ST Property Company Limited, made up at the balance sheet date.

No separate statement of financial activities or statement of cash flows has been presented for the charity alone, as permitted by s408 of the Companies Act 2006 and the Charities SORP FRS 102. The charity had total income in the year of £27,003,439 (2022 - £566,418), total expenditure of £764,872 (2022 - £792,700) and net investment and actuarial losses of £177,306 (2022 - £85,251 gains) resulting in a net surplus of £26,061,261 (2022 – surplus of £141,031).

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Executive Committee and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- valuation of listed investments using published market prices as a best indicator of fair value;
- assessment of a discount rate to consider whether the discounting of future cash flows, including the proceeds from the disposal of tangible fixed assets, is material;
- estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation;

Critical accounting estimates and areas of judgement (continued)

- the allocation of the profit on disposal of tangible fixed assets between unrestricted, restricted and special trust funds;
- professional fees in connection with the development work have been treated as a prepayment on the basis that future economic benefits will be realised from these costs. Further details are included under future plans within the report of the Executive Committee; and
- assessing the probability of receipt and estimating the amount receivable in respect of legacies of which the charity has been notified, particularly where the estate is slow moving.

Assessment of going concern

The Executive Committee has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Executive Committee has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Executive Committee of the charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. The Executive Committee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and residents' maintenance contributions.

Donations received are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Income recognition (continued)

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Dividend income is apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from residents' maintenance contributions is credited on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.

- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include property expenditure, social expenditure and grants to residents.

The charity makes grants to self-funded residents to support the payment of weekly maintenance contributions. These grants are recognised in full in the year they are awarded, unless the recipient has to fulfil performance conditions before the grant is released.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of staff time.

Tangible fixed assets

The cost of the freehold property was split between the land and buildings elements in 2000 using the Property Market Report Matrix. Land is not depreciated but buildings are depreciated on a straight line basis over their estimated useful life, assessed as 50 years. Improvements to the freehold property are depreciated on a reducing balance basis at a rate of 6.67%.

Expenditure on furniture, computer equipment, fixtures and fittings is written off in the year in which it is incurred except in the case of amounts of a non-recurring nature in excess of £10,000. These are capitalised and depreciated on a straight-line basis over four years.

Listed investments

Listed investments held as non-current assets and current asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains or losses on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year end and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains or losses are apportioned between funds in the ratio of the market value of separate funds at the beginning of the accounting period.

The Trustees monitor the underlying risks to which the investments are exposed by regular meetings and reviews with the investment managers. The risks to which the investments are exposed include market and credit risk. The exposure to market risk is mitigated by the Trust investing in a diverse portfolio of investments across various markets. Current asset investments are exposed to credit risk by this pooled fund being invested in short dated bonds and near cash investments. The risk is mitigated by the pooled fund being actively managed by the fund manager.

Debtors
Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand
Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Subsidiary undertaking
The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015.

The company was active from 1 April 2018. Results have been consolidated on a line by line basis.

Fund accounting
Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

Special trust funds comprise monies for which the charity has responsibility in trustee capacity. Income from the endowment fund can be used for general purposes and is credited directly to unrestricted reserves, unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

Pension contributions

The Trust participates in The Social Housing Pension Scheme (SHPS), a multi-employer pension plan which is funded and contracted out of the state scheme. Pension liabilities in respect of the defined benefits section of the Scheme are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as other recognised gains or losses.

Additional disclosures in relation to the pension plan are given in note 17.

Pension costs in respect of the defined contribution section of the plan are recognised when payable on an accruals basis.

Share capital

The company is limited by guarantee and has no share capital. Each member of the company guarantees to subscribe such amount as may be required for the purposes of the company, not exceeding £1 sterling.

1 Income from charitable activities

	Unrestricted funds	
	2023	2022
	£	£
Residents' maintenance contributions	**480,747**	459,070

2 Income from investments

	Unrestricted funds	Restricted funds	**Total 2023**
	£	£	**£**
UK listed investments			
. Equities and unit trusts	41,734	5,838	**47,572**
. Fixed interest	6,910	—	**6,910**
. Charities Property Fund	4,747	—	**4,747**
Bank interest	100,889	—	**100,889**
2023 Total funds	154,280	5,838	**160,118**

	Unrestricted funds	*Restricted funds*	*Total 2022*
	£	*£*	*£*
UK listed investments			
. Equities and unit trusts	*41,103*	*7,528*	*48,631*
. Fixed interest	*20,544*	*—*	*20,544*
. Charities Property Fund	*5,058*	*—*	*5,058*
Bank interest	*21,508*	*—*	*21,508*
2022 Total funds	*88,213*	*7,528*	*95,741*

3 Donations and legacies

	Unrestricted funds	
	2023	2022
	£	£
Donations	**2,762**	7,146
Legacies	**37,052**	4,461
	39,814	11,607

4 Expenditure on charitable activities

	Direct costs £	Support costs (note 6) £	**Total 2023 £**
Property expenditure:			
. Service costs	173,464	109,543	**283,007**
. Repairs	236,272	149,206	**385,478**
. Property depreciation	54,113	—	**54,113**
. Professional and consultancy fees	31,557	—	**31,557**
	495,406	258,749	**754,155**
Governance	—	20,831	**20,831**
Social expenditure	8,665	—	**8,665**
Grants to residents	13,378	—	**13,378**
	517,449	279,580	**797,029**

	Direct costs £	*Support costs (note 6) £*	*Total 2022 £*
Property expenditure:			
. Service costs	*134,071*	*81,103*	*215,174*
. Repairs	*263,815*	*159,589*	*423,404*
. Property depreciation	*50,344*	*—*	*50,344*
. Professional and consultancy fees	*19,173*	*—*	*19,173*
	467,403	*240,692*	*708,095*
Governance	*—*	*19,037*	*19,037*
Social expenditure	*2,609*	*—*	*2,609*
Grants to residents	*16,706*	*—*	*16,706*
	486,718	*259,729*	*746,447*

5 Costs of raising funds

	Unrestricted funds	
	2023 £	2022 £
Investment management fees	**18,253**	19,949
Advertising costs	**7,163**	7,593
	25,416	27,542

6 Support costs

	2023 £	2022 £
Staff costs	**192,607**	180,090
Professional fees	**24,133**	23,372
General office costs	**41,009**	36,230
Pension interest costs	**1,000**	1,000
Governance costs		
. Auditor's remuneration	**18,150**	16,440
. Accounts preparation fees	**2,681**	2,597
	279,580	259,729

7 Staff costs

a) Executive Committee members and employees

	Total 2023 £	Total 2022 £
Committee expenses		
Travel expenses for 3 Committee members (2022 - one)	**678**	62
Staff costs		
Salaries	**212,951**	199,177
Social security costs	**19,452**	22,605
Pension costs	**19,272**	19,678
	251,675	241,460

Staff costs have been allocated as follows:

	Total 2023 £	Total 2022 £
Charitable activities	**59,068**	61,370
Support costs	**192,607**	180,090
	251,675	241,460

b) Number of employees

The average number of employees expressed as full time equivalents was as follows:

	2023 No.	2022 No.
Management staff	**3**	3
Cleaners	**1**	1
	4	4

d) Higher paid employees

The number of employees earning over £60,000 in the year was as follows:

	2023 No.	2022 No.
£90,001 - £100,000	**—**	1
£100,001- £110,000	**1**	—

7 Staff costs (continued)

d) Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Executive Committee and the Chief Executive. The total cost of employment (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £125,845 (2022 - £114,379).

8 Tangible fixed assets

Group and charity	Freehold property £	Improvements to freehold property £	**2023 £**
Cost			
At 1 April 2022	2,330,204	483,559	**2,813,763**
Disposals	(2,330,204)	(483,559)	**(2,813,763)**
At 31 March 2023	—	—	—
Depreciation			
At 1 April 2022	888,080	247,923	**1,136,003**
Charge for year	38,396	15,717	**54,113**
Disposals	(926,476)	(263,640)	**(1,190,116)**
At 31 March 2023	—	—	—
Net book values			
At 31 March 2023	—	—	—
At 31 March 2022	1,442,124	235,636	**1,677,760**

On 31 March 2023 the entire freehold property, including improvements, was sold for proceeds of £30m.

The profit on sale arises from:

	Total 2023 £
Sales proceeds	**30,000,000**
Costs of sale	**(735,545)**
Net book value of property	**(1,623,647)**
Grant becoming repayable (note 20)	**(1,318,048)**
Net profit on disposal as per statement of financial activities	**26,322,760**

9 Investments

a) Listed investments

Group and charity	2023 £	2022 £
At 1 April 2022	**2,582,909**	3,123,113
Purchases at cost	**540,829**	383,430
Disposal proceeds	**(525,781)**	(1,016,788)
(Decrease) increase in market value	**(193,627)**	93,154
Market value as at 31 March 2023	**2,404,330**	2,582,909
Cash on deposit and dealing account	**39,786**	482,003
Total investments as at 31 March 2023	**2,444,116**	3,064,912
Analysis by type – UK listed investments		
. Equities and unit trusts	**2,055,654**	2,084,724
. Fixed interest	**203,749**	195,848
. Charities Property Fund	**104,767**	122,252
. Alternative assets	**40,160**	180,085
	2,404,330	2,582,909
Cash on deposit and dealing account	**39,786**	482,003
	2,444,116	3,064,912
Historical cost of the above	**1,828,590**	1,702,069

As at 31 March 2023, no individual investment holding represented a material amount of the total portfolio valuation. The largest single holding represented 9% of the total portfolio.

b) Investment in subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015. The results of the subsidiary for the year ended 31 March 2023 are set out below.

	2023 £	2022 £
Turnover	—	—
Cost of sales	—	—
Operating expenses	**57,573**	55,661
Operating loss	**(57,573)**	(55,661)
Loss brought forward	**(307,994)**	(252,333)
Retained loss	**(365,567)**	(307,994)

At 31 March 2023, ST Property Company Limited had retained losses of £365,567(2022 - £307,994) and called up share capital of £1 (2022 - £1). The results and balance sheet figures have been consolidated on a line by line basis within the accounts of the Sheppard Trust.

10 Current asset investments

Group and charity	2023 £	2022 £
At 1 April 2022	**2,032,675**	2,037,112
Withdrawal	**(250,000)**	—
Interest re-invested	**32,502**	3,466
Increase (decrease) in market value	**11,322**	(7,903)
Market value at 31 March 2023	**1,826,499**	2,032,675
Analysis by type – UK listed investments		
. Equities and unit trusts	**1,826,499**	2,032,675
Historical cost of the above	**1,669,951**	1,919,591

As at 31 March 2023, all current asset investments were invested in the Royal London Short Term Fixed Income Fund Y Inc.

11 Debtors

	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
Legacies receivable	**115,945**	**115,945**	217,358	217,358
Residents' maintenance contributions	**12,492**	**12,492**	10,024	10,024
Gift aid receivable	**3,289**	**3,289**	3,002	3,002
VAT recoverable	**33,665**	—	20,026	—
Prepayments – operational	**58,772**	**58,772**	57,748	57,748
Prepayments – development costs	**2,570,884**	**500,000**	2,133,492	500,000
Due from subsidiary undertaking	—	**2,317,696**	—	1,922,762
Other debtors and interest receivable	**8,262**	**8,262**	8,235	8,235
Amounts due from sale of property				
- due in less than one year	**26,044,795**	**26,044,795**	—	—
- due in more than one year	**3,900,000**	**3,900,000**	—	—
	32,748,104	**32,961,251**	2,449,885	2,719,129

12 Creditors: amounts falling due within one year

	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
Social security and taxation	**6,320**	**6,320**	5,087	5,087
Accruals	**835,587**	**678,137**	143,200	73,185
Social housing grant repayable	**1,318,048**	**1,318,048**	—	—
	2,159,955	**2,002,505**	148,287	78,272

13 Provision for liabilities

Group and charity	2023 £	2022 £
Pension deficit liabilities (note 17)	**26,000**	42,000

14 Restricted and Special trust funds

Group and charity	At 1 April 2022 £	Income £	Expenditure £	Gains, losses and transfers £	**As at 31 March 2023 £**
Restricted funds					
Capital grant fund	711,314	—	(18,938)	(692,376)	—
Maintenance fund	—	5,838	(5,838)	—	—
	711,314	5,838	(24,776)	(692,376)	—
Special trust funds					
Endowment fund	1,232,240	14,007,232	(19,458)	(17,969)	**15,202,045**
Restricted fund	1,000	—	—	—	**1,000**
	1,233,240	14,007,232	(19,458)	(17,969)	**15,203,045**

Restricted funds

The Capital Grant Fund represented the unamortized portion of the Social Housing Grant received towards the cost of land and buildings. On the sale of the property on 31 March 2023, the Social Housing Grant was no longer vested in the property and this fund was transferred to unrestricted funds. The Maintenance Fund may only be used for the maintenance of the Trust's property.

Special trust funds

The Special Trust Funds are assets including investments endowed to the unincorporated charity which cannot be fully transferred. Assets which derive from the sale of properties previously held in the Special Trust Funds are retained in those funds to be spent on the purchase of future replacement property. Properties were depreciated as per the accounting policy on page 25 and any income earned on the investments may only be used on the maintenance of the Trust's properties.

Allocation between funds

Repairs are allocated firstly against the income of the Maintenance Fund which is originally generated from the Endowment and Maintenance Fund. Any excess expenditure is then allocated to the Extraordinary Repairs Fund before being spent from unrestricted funds. Investment income and the valuation adjustment are apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Group and charity	*At 1 April 2021 £*	*Income £*	*Expenditure £*	*Gains and losses £*	*As at 31 March 2022 £*
Restricted funds					
Extraordinary repair fund	*29,887*	*430*	*(30,810)*	*493*	*—*
Capital grant fund	*730,252*	*—*	*(18,938)*	*—*	*711,314*
Maintenance fund	*—*	*7,098*	*(7,098)*	*—*	*—*
	760,139	*7,528*	*(56,846)*	*493*	*711,314*
Special trust funds					
Endowment fund	*1,243,546*	*—*	*(19,458)*	*8,152*	*1,232,240*
Restricted fund	*1,000*	*—*	*—*	*—*	*1,000*
	1,244,546	*—*	*(19,458)*	*8,152*	*1,233,240*

15 Net assets between funds

Fund balances at 31 March 2023 are represented by:

Group	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2023 £**
Tangible fixed assets	—	—	—	—
Investments	1,959,655	—	484,461	**2,444,116**
Net current assets	22,511,484	—	14,718,584	**37,230,068**
Provisions	(26,000)	—	—	**(26,000)**
	24,445,139	—	15,203,045	**39,648,184**

Charity	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2023 £**
Tangible fixed assets	—	—	—	—
Investments	1,959,656	—	484,461	**2,444,117**
Net current assets	22,877,048	—	14,718,584	**37,595,632**
Provisions	(26,000)	—	—	**(26,000)**
	24,810,704	—	15,203,045	**40,013,749**

Group	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2022 £*
Tangible fixed assets	*235,636*	*—*	*1,442,124*	*1,677,760*
Investments	*2,562,482*	*—*	*502,430*	*3,064,912*
Net current assets	*8,943,824*	*—*	*—*	*8,943,824*
Inter-fund account (note 16)	*—*	*711,314*	*(711,314)*	*—*
Provisions	*(42,000)*	*—*	*—*	*(42,000)*
	11,699,942	*711,314*	*1,233,240*	*13,644,496*

Charity	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2022 £*
Tangible fixed assets	*235,636*	*—*	*1,442,124*	*1,677,760*
Investments	*2,562,483*	*—*	*502,430*	*3,064,913*
Net current assets	*9,251,816*	*—*	*—*	*9,251,816*
Inter-fund account (note 16)	*—*	*711,314*	*(711,314)*	*—*
Provisions	*(42,000)*	*—*	*—*	*(42,000)*
	12,007,935	*711,314*	*1,233,240*	*13,952,489*

16 Inter-fund accounts

As at 31 March 2023, the interfund balance was £nil. The balance as at 31 March 2022 is shown below.

Group and charity	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2022 £*
Amount due to Sheppard Trust (1133356)	*—*	*711,314*	*(711,314)*	*—*

This amount represented the interest in the Trust's freehold property arising from the unamortised proportion of Housing Corporation grants received for their development.

16 Inter-fund accounts (continued)

This portion of the property's value demonstrably did not arise from the endowments of the charity and was therefore transferred to the Incorporated Charity, represented as a debt due on the value of the property being crystallised.

On the sale of the property on 31 March 2023 the profit on sale was apportioned between the proportion attributable to the endowments of the charity, which continues to be held as Special Trust Funds, and the proportion funded by the Housing Corporation grants which is attributable to the Incorporated Charity.

17 Pension Scheme

From 1 October 2010, the Trust offers new joiners participation in the defined contribution section of the Social Housing Pension Scheme, having previously offered entry into the defined benefit section. The Trust closed the defined benefit section to new entrants at the same date.

Social Housing Pension Scheme (Defined Contribution)

This scheme is administered by The Pensions Trust and is a defined contribution scheme. The employer contribution rate payable by the Trust per annum is 6%.

Social Housing Pension Scheme (Defined Benefit)

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The latest estimated employer debt on withdrawal from the scheme, being as at 30 September 2022, is £104,561 (30 September 2021 - £144,645).

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Defined benefit liability

	2023 £	2022 £
Fair value of plan assets	**110,000**	212,000
Present value of defined benefit obligation	**(136,000)**	(254,000)
Deficit in plan recognised	**(26,000)**	(42,000)

Reconciliation of opening and closing balances of defined benefit obligation

	Year to 31 March 2023 £	Year to 31 March 2022 £
Defined benefit obligation at start of period	**254,000**	357,000
Current service cost	**6,000**	9,000
Expenses	**2,000**	2,000
Interest expense	**6,000**	7,000
Contributions by plan participants	**5,000**	3,000
Actuarial gains due to scheme experience	**(35,000)**	(98,000)
Actuarial (gains) due to changes in demographic assumptions	**—**	(5,000)
Actuarial (gains) due to changes in financial assumptions	**(32,000)**	(10,000)
Benefits paid and expenses	**(70,000)**	(11,000)
Defined benefit obligation at end of period	**136,000**	254,000

Reconciliation of opening and closing balances of the fair value of plan assets

	Year to 31 March 2023 £	Year to 31 March 2022 £
Fair value of plan assets at start of period	**212,000**	315,000
Interest income	**5,000**	6,000
Experience (losses) on plan assets	**(62,000)**	(119,000)
Employer contributions	**20,000**	18,000
Member contributions	**5,000**	3,000
Benefits paid and expenses	**(70,000)**	(11,000)
Fair value of plan assets at end of period	**110,000**	212,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was a negative return of £57,000. (2022 – positive return of £113,000).

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Defined benefit costs recognised in the statement of financial activities

	Year to 31 March 2023 £	Year to 31 March 2022 £
Included in expenditure on charitable activities		
Current service cost	**6,000**	9,000
Expenses	**2,000**	2,000
Net interest expense	**1,000**	1,000
Total expense	**9,000**	12,000

	Year to 31 March 2023 £	Year to 31 March 2022 £
Included in other recognised gains and losses		
Experience (losses) on plan assets	**(62,000)**	(119,000)
Experience gains arising on the plan liabilities	**35,000**	98,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	—	5,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	**32,000**	10,000
Total gains (losses)	**5,000**	(6,000)

Assets

The charity's share of assets held within the Scheme at 31 March 2023 are shown below. None of the fair values of the assets include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	2023 £	2022 £
Absolute Return	**1,000**	8,000
Alternative Risk Premia	**—**	7,000
Cash	**1,000**	1,000
Corporate Bond Fund	**—**	14,000
Credit Relative Value	**4,000**	7,000
Currency Hedging	**—**	(1,000)
Distressed Opportunities	**3,000**	8,000
Emerging Markets Debt	**1,000**	6,000
Global Equity	**2,000**	41,000
High Yield	**—**	2,000
Infrastructure	**13,000**	15,000
Insurance-Linked Securities	**3,000**	5,000
Liability Driven Investment	**51,000**	59,000
Long Lease Property	**3,000**	5,000
Net Current Assets	**—**	1,000
Opportunistic Credit	**—**	1,000
Opportunistic Illiquid Credit	**5,000**	7,000
Private Debt	**5,000**	5,000
Property	**5,000**	6,000
Risk Sharing	**8,000**	7,000
Secured Income	**5,000**	8,000
Total assets	**110,000**	212,000

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Key assumptions

	31 March 2023 % p.a.	31 March 2022 % p.a.
Discount rate	**4.93**	2.74
Inflation (RPI)	**3.16**	4.00
Inflation (CPI)	**2.48**	3.39
Salary Growth	**3.48**	4.39
Allowance for commutation of pension for cash at retirement	**75%**	75%

Mortality assumptions at 31 March 2023 imply the following life expectancies

	Life expectancy at age 65
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9

18 Trustees and indemnity insurance

The Trust has taken out a Directors and Officers Management Protection policy with RSA with a total cover of £1 million for any one claim.

19 Capital commitments

On 29 March 2023 The Sheppard Trust and ST Property Company Ltd entered into a Supplemental agreement with the Trustees of the Royal Cambridge Home, the effect of which was to vary a previous conditional agreement and to commit the Trust to the purchase of land currently owned by the Royal Cambridge Home. The Trust intends to build its future new home on the land purchased. The capital commitment for the Sheppard Trust is to purchase the land in exchange for i) funding the construction of a new 32 bed care home for the Royal Cambridge Home, to be constructed by ST Property Company Ltd, and ii) a Fixed Land Payment of £1,775,000.

On 29 March 2023 ST Property Company Ltd entered into a contract with Red Construction Group Ltd to construct the care home described above, for the sum of £8,117,941. Construction of the home commenced in April 2023.

20 Contingent liability

There were no contingent liabilities as at 31 March 2023. In the prior year, a contingent liability existed in relation to the potential repayment of a Housing Corporation Social Housing Grant from the 1980s and 1990s amounting to £1.3m which would become repayable on the sale of the properties at Lansdowne Walk. Due to the sale of these properties during the year, a creditor of £1,318,048 has now been recognised.

21 Related party transactions

The charity owns the entire share capital in ST Property Company Limited (note 9b). During the year, the charity recharged costs of £54,934 (2022 - £53,144) to the company. At 31 March 2023, ST Property Company Limited owed the charity £2,317,696 (2022 - £1,922,762) relating to costs settled by the charity in order to support the company's cash flow needs.

Other than Executive Committee members expenses, as disclosed in note 7, there were no further related party transactions.

22 Operating lease commitments

At 31 March 2023 the group and charity had the following future minimum commitments in respect to non-cancellable operating leases:

	Property	
	2023	2022
	£	£
Amounts due:		
Within one year	**650,000**	—
Due in more than one year	**108,333**	—
	758,333	—

THE SHEPPARD TRUST

England & Wales - Charity number 1133356

Accounts

The Sheppard Trust

Annual Report and Financial Statements

31 March 2022

Company Limited by Guarantee
Registration Number
06621820 (England and Wales)

Charity Registration Number 1133356

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The Executive Committee, whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the consolidated financial statements of The Sheppard Trust (the "Trust") and its subsidiary ST Property Company Limited for the year ended 31 March 2022.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 27 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

OUR PURPOSES AND ACTIVITIES

Providing Homes

Maintaining Independence

Community Spirit

The Sheppard Trust is an almshouse charity founded in 1855.

Its main charitable object is to provide low-cost housing for women who are in need, hardship or distress, who are aged 55 or over and who share community values. In practice the trustees normally accept applications from women aged 65 or over, in order to prioritise those most in need of the type of housing and support available.

The Trust's main activity is providing sheltered housing, with some staff support, which enables our residents to live comfortably and independently in their own accommodation. Currently there is accommodation for 29 older women in need of low-cost, comfortable and secure homes. Sheppard Trust residents have the security of knowing that their homes will remain affordable and well maintained, and that support is on hand when needed.

The Trust's activities are underpinned by a strong set of values: that the residents should feel comfortable, warm and secure in their homes; that their independence, privacy and dignity should always be respected; that their homes, the utility services and safety systems should be maintained to a high standard; that they should be well-supported at times of ill health or other need; and that a mutually supportive community spirit should develop through a range of social activities. All the activities undertaken are informed by these values.

OUR PURPOSES AND ACTIVITIES (continued)

Priority is given to those in the greatest need and residents often come to us from insecure or unsettled accommodation. The majority of the residents receive housing benefit and other welfare benefits, and those who are ineligible for this support nevertheless have incomes and savings far from adequate to buy or privately rent a home in London.

The Trust's work contributes to reducing homelessness amongst older people, and reducing social care costs by helping residents remain independent and active. The Executive Committee firmly believes that the provision of affordable housing for those in need is for the public benefit, and confirms that in planning its activities it has had regard to the Charity Commission's general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

Our work in 2021/22 continued to be dominated by the coronavirus pandemic. At the start of the year the third lockdown and subsequent restrictions were difficult for our residents, the poor weather made it hard to get out and it was very dispiriting. Two members of staff, our housekeeper and our resident support co-ordinator, carried on working on site throughout, and the administration work switched to mostly home based working with attendance at site for tasks that cannot be carried out at home.

We completed some major works in the gardens, with improved patio spaces and some new raised beds for our residents to plant vegetables and flowers for cutting. Once it was possible to meet in groups of six outdoors our residents were able to restart coffee groups, and the vaccination programme gave many of them more confidence in starting to get out and about. We remained cautious about organising outings and large events, but as Covid restrictions eased we once again reintroduced hairdressing and Pilates classes, and gradually increased the admin days in the office.

In the summer we started a major maintenance project to redecorate the front of one of the houses and to repair and replace windows and patio doors. During the summer there were several unusually heavy rain storms and a sudden unexpected hailstorm, and it became clear that the roof also needed significant work doing when one of our residents' flats was flooded. Fortunately as scaffolding was already in place we were able to quickly arrange this, but all the work has taken many months and a great deal of staff time, and we are most grateful for our residents' patience while it has been taking place.

During the pandemic a number of our residents told us that owning a pet would greatly improve their health and wellbeing, helping with both exercise and loneliness. We gave permission for a small dog to stay temporarily due to family circumstances in the pandemic. This went well and so we consulted our residents on whether we should allow pets at the Trust. As a result we introduced a responsible pet owning policy. Our residents can now own small pets, whilst minimising disturbance to other residents and ensuring that arrangements are made for emergencies or if the resident can no longer manage. We now have one dog and one cat living at the Trust.

ACHIEVEMENTS AND PERFORMANCE (continued)

During the year two residents moved to care homes, one moved to live with family, and one sadly died at the age of almost 98. We welcomed three new residents, all of whom were living in unsuitable accommodation for their needs. Our residents now range between the ages of 66 and 94.

We continued to provide a full support service including:

- Daily welfare visits to our most vulnerable residents, providing support and company as well as checking on health and wellbeing;
- Help to those going into or leaving hospital, for example collecting prescriptions and shopping;
- Helping older residents to arrange and access social activities and transport to attend them;
- Improving independence by identifying needs and providing equipment or making minor alterations in a residents flat, working with occupational therapists; and
- Advocating for our residents with social services and care agencies to ensure they are receiving any care they need.

The Trust's work responds to the continued external changes in adult social care, along with increases in life expectancy. Older people are now being enabled to stay in their homes longer in life and the Trust is increasingly involved in working intensively with families, social services and other agencies to ensure our residents' needs can be met. Our current buildings remain increasingly constraining and we encounter a number of physical difficulties in meeting the needs of individual residents, ranging from the steps and the bathroom facilities to sound and heat insulation issues. We continued to pursue our plans to relocate (see Future Plans below).

During the year, following a consultation and Charity Commission approval, the objects of the charity were widened in order to broaden the range of beneficiaries. Previously beneficiaries had to abide by the Christian faith, in future they need to agree to abide by shared values which are based on the Christian faith. This will enable the Trust to reach a wider group of women whilst maintaining a community based on shared values. The Trustees consider that this will remain sympathetic to Elizabeth Sheppard's original intentions, whilst better reflecting today's society and helping women who meet our criteria regardless of faith.

The values prospective residents are asked to abide by are

(a) kindness, consideration and compassion to others;

(b) community spirit and co-operation; and

(c) respect for everyone's rights, differences, dignity and choices.

We have a new website at www.sheppardtrust.org which enables us to post regular news and updates, for our residents, for women who are interested in applying, and for general readers.

FUTURE PLANS

The Sheppard Trust has for some years been committed to an ambitious vision for a brand new, fit for purpose housing scheme, where its residents can enjoy excellent facilities and a home that meets their needs for life, and where it can double the number of beneficiaries. We continued to work towards realising this vision.

Housing for older people has never been more important and there is a huge need for good quality, affordable provision for those of limited means to buy or rent property. The Trust's current properties have served their purpose well for many years in providing secure and comfortable homes, but the physical limitations of the current buildings are already restricting us and will not meet the needs for the next generation of older women.

The main issues we face in our current location are:

- Access: no facilities for wheelchair or mobility scooter users, and difficulties for those with other mobility related needs. Five of the flats have steps within them which are a potential hazard and not appropriate for housing designated for older people. There is no level access to enter the buildings and although there are lifts there are steps in some of the narrow internal corridors and no level access to some flats.

- Space standards: most of the flats are not suitable for housing older people, particularly those with mobility related needs or care and support needs. For example the bathrooms allow insufficient space for those who need support from carers for personal care, and most of the kitchens are unsuitable for those with mobility related needs.

- Poor noise and heat insulation, poor energy performance, limited natural light in some areas, and limited communal and circulation spaces.

- Other significant limitations in how the properties could be adapted to meet modern and future best practice in housing for older people, for example to become "dementia friendly" or to include technology to support lifestyle or care and support needs.

As explained in "Achievements and Performance" above, there are already situations in which these issues mean residents' needs cannot be fully met to the high standards we aspire to.

As a result, the Executive Committee has concluded that continuing to maintain and attempting to upgrade these Victorian homes is not good value for money, as the potential for people to "age in place" is significantly limited, the age of the buildings means it is highly challenging to create homes with low maintenance and running costs, and the properties are unlikely to meet the aspirations of future generations of older people. Therefore for some years it has pursued a strategy to relocate the Trust to modern purpose built homes designed for the needs of older people and located in a more affordable area.

The vision is for housing which will enable residents to remain in their homes much longer in life and in most cases for the rest of their lives, and also to provide for a greater number of beneficiaries. Our vision also includes a tailored on-site support offer and access to care services to meet individual needs and a range of community activity giving choices for an active and fulfilling old age.

FUTURE PLANS (continued)

The Trust started its search for a suitable site in the Royal Borough of Kensington and Chelsea, where its current properties are located, but has gradually widened the area of search over the past ten years as it became increasingly apparent that no suitable and affordable sites were viable prospects within the borough. Sites throughout the West London area and just outside have also been considered. After this long search, the Trustees announced in October 2018 that an agreement had been reached with the Royal Cambridge Home to purchase part of their site in East Molesey, near Hampton Court, subject to planning permission. The site is situated in a very pleasant residential area with access to shopping and leisure facilities and there is easy access to Central London in just over half an hour from Hampton Court station. There are mature trees on all sides and significant green spaces as well as easy level access to the Thames riverside with its walking paths and cafes.

Plans were drawn up for 60 large one bedroom flats for the Sheppard Trust for our current residents, women on our waiting list, and local women in need of low cost housing. There will be a range of communal facilities – a lounge, care, hairdressing/therapy room, hobby rooms and other useful spaces for meeting together. The housing will meet high modern standards in terms of space standards, future adaptability including wheelchair use and assistive technologies, sound and heat insulation, energy performance and security, based on the HAPPI standards which set out best practice for older people's housing. It will have a residential character that promotes independence and avoids an institutional atmosphere.

A brand-new care home for the Royal Cambridge Home is planned to be located on the remainder of the site. The two buildings, and the two charities, will be separate but will complement each other.

A joint planning application was submitted and was recommended for approval by planning officers but, disappointingly, in early 2020 the local authority decided not to grant planning permission. The Trustees spent some time considering the options, and in July 2020 an appeal was submitted. Following some delays in the process due to the pandemic, planning permission was finally granted in October 2021.

Work recommenced on bringing the scheme to reality although challenges remain due to increasing construction costs and interest rates. During the year we prepared for tendering on the first phase of building. The tendering process commenced after the year end.

In December 2021 we informed our residents that we intended to commence a marketing exercise on the current buildings. The objective was to give greater certainty over the value of the properties, whilst the property market was strong, and therefore to give greater confidence in proceeding towards a building contract. The properties were marketed by Knight Frank and Savills in early 2022 on the basis of a sale and leaseback arrangement, enabling us to stay in the properties for some time after completion.

After the year end the Trust agreed a sale of the current buildings for proceeds of £30m. The sale will complete in March 2023 and the Trust will then immediately enter into a lease of the properties so that it will continue to occupy them for a further 23 months. All of the proceeds net of sales costs will be reinvested into our new scheme.

FUTURE PLANS (continued)

This exciting development will enable us to offer homes which truly meet our residents' needs into old age, enable us to offer homes for life in most cases, and double the number of beneficiaries that the Trust is able to help.

The development work is being undertaken by the Trust's wholly owned subsidiary company, ST Property Company Limited. This is in order to ringfence the charity from some of the risks of entering into construction contracts and also for tax effectiveness. The company has entered into a deed of covenant so that all its profits will be gifted to the charity.

The Trustees appreciate that this causes continued uncertainty for our current residents. All our current residents will be guaranteed a brand new flat in our new scheme, but moving house, particularly at an advanced age, can be daunting and stressful. We will see to all the business of moving at no cost to our residents and support them through the whole process. For some of our residents with close ties to our current location, moving with us may not be the right option. We have offered a package of support and assistance to those residents to help them to find suitable alternatives if they wish to, and to help with moving. During the process we will continue our efforts to communicate well with our residents and to involve them in the detailed design process.

Our continued objective is to safeguard the future of the Sheppard Trust by providing modern accommodation which meets its current and future residents' needs for many years to come, as well as doubling the number of women in need who we are able to help.

FINANCIAL REVIEW

The financial results of the Trust were satisfactory. There was a deficit for the year of £207,571 before gains on investments and actuarial losses on the defined benefit pension liability. This was primarily due to the very large investment in maintenance works. Maintenance expenditure including support costs was £423,404 compared to £292,226 in the previous year. The major works had been budgeted to be spent from reserves.

The Executive Committee remains satisfied that the underlying financial position of the Trust is secure, and that it is well placed to maintain the present level of service and to plan for the future.

Review of business

The Trust's income for the period under review decreased from £593,426 to £566,418. The main reasons for this were a slight decrease in weekly maintenance charge income because of the number and duration of empty flats, and higher legacy income in the previous year. Expenditure has increased from £647,794 to £773,989. This was primarily because of the investment in maintaining the buildings.

There was a surplus of expenditure over income for the year of £207,571 (2021 – surplus of expenditure over income of £54,366). Gains on investments and actuarial losses resulted in a net decrease in funds of £128,320 (2021 – increase of £403,485).

FINANCIAL REVIEW (continued)

Review of business (continued)

At 31 March 2022, the Trust's total reserves amounted to £13,644,496 (2021 - £13,772,816). Of this, £1,233,240 (2021 - £1,244,546) related to special trust funds, which consist of properties and investments endowed to the unincorporated charity. A further £nil and £760,139 (2021 - £29,887 and £730,252) related to the restricted extraordinary repair and capital grant funds respectively. The purposes of these funds are described in more detail on page 38.

Unrestricted reserves have decreased from £11,768,131 to £11,699,942. It remains the Trust's policy in due course to invest a very large part of its reserves in new housing for a greater number of beneficiaries.

Reserves policy

The Sheppard Trust holds reserves for three main purposes:

- To cover fluctuations in working capital, and to cover expenditure in the event of unexpected circumstances such as an unforeseen drop in investment income or vacancies in the accommodation;
- To ensure funds are available when needed for major property repairs above and beyond the normal annual expenses of maintenance; and
- To spend, over the next three to five years, on expanding the charity's activities by providing new, modern accommodation for a much greater number of beneficiaries.

Once a beneficiary has been accepted, the Trust aims to support and enable her to stay in her home in the Trust's property for as long as possible, and it therefore has a long term commitment to maintain its properties to a suitable standard and to support its beneficiaries. The Trust's current properties are large Victorian houses which require considerable maintenance expenditure.

The Executive Committee has concluded that a suitable level of ongoing free reserves for the first two purposes is c.£2.7m, taking into account their plans for a new property housing twice as many beneficiaries, and the preliminary operating budgets.

The Executive Committee intend to spend the reserves in excess of this on the proposed new accommodation, using any additional funds available to improve the facilities available to the residents or to increase the number of residential units available for beneficiaries. Currently reserves are already being used to fund the development of the scheme.

As at 31 March 2022 the general reserves stood at £11.7m. The trustees therefore consider that £2.7m of this should be held as ongoing reserves and the remainder of £9.0m is available to be spent on this exciting project, as well as the value of the property currently held. The trustees are keeping the levels of reserves under review as the project progresses.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

The trustees invest the ongoing reserves in order to contribute to the Trust's income and aim to match the liquidity of the investments to the predicted needs for cash. Reserves intended to be spent on the proposed new accommodation were liquidated in 2018 and 2019 and are now held as cash or cash equivalents to reduce the risk of fluctuations in value.

Going concern

The Trust has relatively stable sources of income and a high level of capital and reserves and its main source of income has not been materially disrupted by the Covid-19 pandemic. The Executive Committee are wholly confident that the Trust has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Investment policy

The general objectives of the Trust's Investment Policy are to generate sufficient income to meet projected levels of annual expenditure such that residents' maintenance contributions can be kept at a lower level than would otherwise be the case; and, subject to that requirement, to maximise investment growth so that the Trust is able to meet its revenue and capital expenditure programmes over the next 25 years in the interests of current and future beneficiaries.

The objectives are to be achieved by investing prudently and cautiously in a broad range of fixed interest securities and equities which are quoted by a recognised Investment Exchange, in Common Investment Funds and in unit trusts and open-ended investment companies which are authorised under the Financial Services and Markets Act 2000. Investments in derivatives are not permitted except with the written permission of the Executive Committee.

There are no ethical or geographical restrictions with regard to investment, but the Trust has confirmed with its investment managers that they should have regard to socially responsible investment issues when managing its portfolio.

The Trust has appointed Investec Wealth and Investment Ltd., who have confirmed that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, as investment managers with delegated discretionary powers of investment. Investec reports on performance quarterly.

FINANCIAL REVIEW (continued)

Investment policy (continued)

The portfolio is measured against a customised benchmark comprising: 15% Govt Bond Index, 35% FTSE All Share, 40% FTSE World ex UK, 5% IPD Index, 3% alternative assets and 2% prevailing cash rates. The Trust's investment policy requires its investment managers to outperform the agreed benchmark by 1% p.a. over a rolling three year period. Over the 12 month period the portfolio underperformed the benchmark by 4.3% and over a three year period the portfolio outperformed the benchmark by 0.4%. The three year performance is still distorted by changes in investment strategy in 2019 in order to prioritise liquidity ready for future investment in new accommodation. The trustees are satisfied that the performance is on track after taking these factors into account.

Principal funding sources

The Trust's total income for the year ending 31 March 2022 was:

	2022		2021	
	£	**%**	£	%
Income from residents' maintenance contributions	**459,070**	**81%**	463,425	78%
Investment income	**95,741**	**17%**	96,686	16%
Donations and legacies	**11,607**	**2%**	33,317	6%
	566,418	**100%**	593,428	100%

Fundraising

The Trust is very grateful to the donors who supported our work during the year. They enabled us to provide additional support and services to our residents that might not otherwise be possible. The Trust is also grateful to those who support our work with a legacy. Legacy income is helping us to fund our future plans to help more beneficiaries in modern accommodation.

Donations (other than legacies) form a very small proportion of the Trust's income (under 1.5%). There is a small group of regular donors giving either annually or more frequently. The main fundraising methods are writing annually to our supporters about our work, and placing legacy advertising in suitable journals. The Trust does not use any professional fundraisers or commercial participators. As the Trust is small and fundraising is a minor part of its activity, it has not yet signed up to any voluntary fundraising schemes or standards. The Trustees are not aware of any external fundraising carried out on the Trust's behalf nor have they encouraged any.

No complaints were received about the Trust's fundraising activity during the year. The Trust has taken steps to protect vulnerable people and others from unreasonable activity, persistent approaches or undue pressure to give. All our supporters are invited to express their contact preferences and contact is only made in accordance with these preferences. For most supporters this is a single letter and annual report once each year. We include clear contact details on all communications so that our supporters can raise any issues or change their contact preferences. We respect our supporters' decisions including a decision to stop giving, with gratitude for their past support.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sheppard Trust is a company limited by guarantee (Company No. 06621820) and a charity registered with the Charity Commission in England and Wales registered charity (Charity No. 1133356). It was incorporated on 17 June 2008 and its governing documents are the Memorandum and Articles of Association.

The charity has a linked subsidiary charity, also known as Sheppard Trust, governed by a scheme of 1932 as subsequently amended. The Charity Commission issued a uniting direction on 5 August 2010 to link it with the incorporated charity. The unincorporated charity remains a separate entity and subsidiary of the incorporated charity, with the trusteeship of the endowment fund being vested in the incorporated charity.

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and commenced trading on 1 April 2018. The company has been set up to carry out property development projects on behalf of the charity.

The charity's Articles of Association stipulate that the Executive Committee shall consist of not fewer than six or more than eleven trustees/directors and that at least four of the trustees/directors shall be female. New trustees/directors are appointed by resolution of the Committee. The Committee's policy, when vacancies arise, has been to review the skills available to it through its members and to recruit to fill identified gaps in knowledge or expertise.

The following members of the Executive Committee served during the period:

	Appointed/Retired
Linda Davis, Chair	
Jonathan Cole, Hon Treasurer	
Martyn Carter	
Amelia Gosal	
Christina Jordan, Vice Chair	
Keith Perry	
Yvette Ruggins	Resigned 31 August 2021
Melanie Saunders	Appointed 22 November 2021
Claire Watson	
Neil White	
Agnes Woolrich	Appointed 22 November 2021

The Executive Committee is very thankful for the work and contribution of Yvette Ruggins, who resigned during the year due to other commitments. We were glad to participate in the Boardlead scheme, which recruits, places, trains and supports professionals for non-profit board leadership, and as a result we welcomed Melanie Saunders and Agnes Woolrich as new trustees/directors.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Executive Committee takes responsibility for all strategic decisions and monitors the Trust's performance throughout the year. The Executive Committee normally meets six times each year. It is supported by two sub-committees – Finance Committee, and Appointments and Wellbeing Committee. The Executive Committee delegates responsibility for the day-to-day operation of the Trust to the Chief Executive. A Project Control Group has been set up to support the Executive Committee with its strategic development plans.

The Executive Committee held meetings by Zoom video conferencing throughout the year, so that it has been able to continue to meet and fulfil its responsibilities throughout the pandemic.

The Sheppard Trust is a member of both the National Housing Federation and the National Association of Almshouses. The Trust has adopted the latter body's 'Standards of Almshouse Management, a Guide to Good Practice'.

The Trust is also a member of the National Council for Voluntary Organizations (NCVO) and the Charity Finance Group. Membership of all these bodies brings training opportunities and an awareness of developments and initiatives in other parts of the voluntary sector.

None of the Executive Committee receives any remuneration from the charity. No related party transactions were reported, other than transactions with the charity's subsidiary.

Key management personnel

The Executive Committee consider that they, together with the Chief Executive, are the key management personnel in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

The remuneration of the Chief Executive and other staff is reviewed annually by the Executive Committee taking into account increases in average earnings and other relevant market information.

No members of the Executive Committee were remunerated for their services to the Trust during the year.

Risk management

The Executive Committee is responsible for the management of risks faced by the Trust and, through its Chief Executive, ensures that appropriate systems are maintained, that new risks are identified as they arise and appropriate controls established. The Executive Committee has established a new risk policy and a register of key risks which focuses on high-impact risks and which is regularly updated and presented at each meeting. By managing risk effectively, we try to ensure that:

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
- the charity makes the most of opportunities and develops them with the confidence that any risks will be managed;
- forward and strategic planning are improved;
- the charity's aims are achieved more successfully.

The systems of control operated by the Trust are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key controls include detailed consideration by the Finance Committee of proposed budgets and regular management accounting information; agreed financial procedures defining, among other things, spending levels and which are regularly reviewed; regular review of the waiting list and resident welfare by the Appointments and Wellbeing Committee and regular review of health and safety compliance information by the Executive Committee.

The key risks currently facing the charity are

- external and internal factors preventing its future development plans being achievable at an acceptable cost or because insufficient resources are available. This includes economic and other impacts of the Covid-19 pandemic, the UK leaving the European Union, and the conflict in the Ukraine;
- the risks associated with maintaining the health, safety and welfare of its elderly residents, including safeguarding risks and Covid-19 risks;
- the risk of loss of income or excessive expenditure.

The Executive Committee has carried out a risk assessment specifically to identify the risks associated with the Trust's development strategy. The main areas of risk include external factors affecting the value of the current property, future construction costs, and government policy on revenue funding. There are also risks associated with economic uncertainty as a result of the pandemic and other world events.

The Trust is addressing these risks by

- Scrutiny and monitoring of the development project by a designated Project Control Group so that mitigating actions can be taken, regular budget and resource reporting and development of a project governance system.
- Specific interventions in relation to the pandemic including enhanced infection control procedures, PPE for high and medium risk activities, a risk audit of office procedures and procedures for working in people's homes, new arrangements for screening contractors and other visitors to the site, revised protocol for new residents moving in, policy changes to support residents whilst encouraging social distancing.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

- Reviewing and enhancing its health and safety systems which include regular maintenance of all mechanical and electrical services, including particularly all fire precautions and central heating systems. Periodic fire and legionella risk assessments are undertaken. In addition, the condition of the fabric of the Trust's properties is kept under regular review and comprehensive insurances are in place. Ensuring that safeguarding policies and procedures are in place and that a safeguarding culture is developed.

- Maintenance of a waiting list and targets for property turnaround times, and periodic value for money exercises on specific aspects of expenditure.

The Executive Committee recognises that its systems provide reasonable, but not absolute, assurance that risks are being adequately managed, but believes that the major risks facing the Trust have been identified and that systems are in place to mitigate the effects of them.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Executive Committee (whose members are also the directors of The Sheppard Trust for the purposes of company law) is responsible for preparing the Executive Committee report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the Executive Committee is required to:

- select suitable accounting policies and then apply them consistently;

- observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);

- make judgements and estimates that are reasonable and prudent;

- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES (continued)

The Executive Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

Each member of the Executive Committee confirms that:

- so far as the Committee Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Committee Member has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Report of the Executive Committee has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Executive Committee and signed on its behalf by:

Linda Davis, Chair

28 November 2022

Executive Committee as at 28 November 2022	Linda Davis, Chair Jonathan Cole, Hon Treasurer Martyn Carter Amelia Gosal Christina Jordan, Vice Chair Keith Perry Melanie Saunders Claire Watson Neil White Agnes Woolrich
Chief Executive and Secretary	Clare Scott Booth
Registered address	12 Lansdowne Walk London W11 3LN
Company registration number	06621820 (England and Wales)
Charity registration number	1133356
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment Managers	Investec Wealth and Investment Limited 2 Gresham Street London EC2V 7QN Royal London Asset Management Limited 55 Gracechurch Street London EC3V 0UF

Principal Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB
Solicitors	BDB Pitmans LLP One Bartholomew Close London EC1A 7BL
	Trowers and Hamlins LLP 3 Bunhill Row London EC1Y 8YZ

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Independent auditor's report to the members of The Sheppard Trust

Opinion

We have audited the financial statements of The Sheppard Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the group and parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and of the charitable parent company's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Executive Committee for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Executive Committee has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Executive Committees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- We identified the laws and regulations applicable to the group through discussions with key management and from our knowledge and experience of the sector in which the group operates;

- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the group. These included but were not limited to the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and representatives of those charged with governance.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Performed substantive testing on expenditure including the authorisation thereof;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Trustees' meetings; and
- Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

As a result of our procedures, we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

23 December 2022

Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Consolidated statement of financial activities Year to 31 March 2022
(incorporating the income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2022 £**	Total 2021 £
Income from:						
Charitable activities	1	459,070	—	—	**459,070**	463,425
Investments and interest receivable	2	88,213	7,528	—	**95,741**	96,686
Donations and legacies	3	11,607	—	—	**11,607**	33,317
Total income		558,890	7,528	—	**566,418**	593,428
Expenditure on:						
Charitable activities	4	670,143	56,846	19,458	**746,447**	619,707
Raising funds	5	27,542	—	—	**27,542**	28,087
Total expenditure		697,685	56,846	19,458	**773,989**	647,794
Net expenditure before gains on investment assets		(138,795)	(49,318)	(19,458)	**(207,571)**	(54,366)
Net investment gains	9, 10	76,606	493	8,152	**85,251**	473,851
Net (expenditure) income		(62,189)	(48,825)	(11,306)	**(122,320)**	419,485
Other recognised gains and losses						
Actuarial losses	17	(6,000)	—	—	**(6,000)**	(16,000)
Net movement in funds		(68,189)	(48,825)	(11,306)	**(128,320)**	403,485
Reconciliation of funds						
Fund balances at 1 April 2021		11,768,131	760,139	1,244,546	**13,772,816**	13,369,331
Fund balances at 31 March 2022		11,699,942	711,314	1,233,240	**13,644,496**	13,772,816

All the group's activities derived from continuing operations during the above two financial periods.

The group has no recognised gains or losses other than those shown above.

Comparative statement of financial activities – year ended 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2021 £
Income from:					
Charitable activities	*1*	*463,425*	*—*	*—*	*463,425*
Investments and interest receivable	*2*	*90,218*	*6,468*	*—*	*96,686*
Donations and legacies	*3*	*33,317*	*—*	*—*	*33,317*
Total income		*586,960*	*6,468*	*—*	*593,428*
Expenditure on:					
Charitable activities	*4*	*575,207*	*25,042*	*19,458*	*619,707*
Raising funds	*5*	*28,087*	*—*	*—*	*28,087*
Total expenditure		*603,294*	*25,042*	*19,458*	*647,794*
Net expenditure before gains on investment assets		*(16,334)*	*(18,574)*	*(19,458)*	*(54,366)*
Net investment gains	*9, 10*	*434,011*	*2,246*	*37,594*	*473,851*
Net income (expenditure)		*417,677*	*(16,328)*	*18,136*	*419,485*
Other recognised gains and losses					
Actuarial losses	*17*	*(16,000)*	*—*	*—*	*(16,000)*
Net movement in funds		*401,677*	*(16,328)*	*18,136*	*403,485*
Reconciliation of funds					
Fund balances at 1 April 2020		*11,366,454*	*776,467*	*1,226,410*	*13,369,331*
Fund balances at 31 March 2021		*11,768,131*	*760,139*	*1,244,546*	*13,772,816*

Balance sheets 31 March 2022

	Notes	**Group 2022 £**	**Charity 2022 £**	Group 2021 £	Charity 2021 £
Fixed assets					
Tangible fixed assets	8	**1,677,760**	**1,677,760**	1,659,732	1,659,732
Investments	9	**3,064,912**	**3,064,913**	3,131,833	3,131,834
		4,742,672	**4,742,673**	4,791,565	4,791,566
Current assets					
Debtors	11	**2,449,885**	**2,719,129**	2,188,104	2,473,438
Investments	10	**2,032,675**	**2,032,675**	2,037,112	2,037,112
Short term deposits		**1,513,158**	**1,513,158**	2,006,500	2,006,500
Cash at bank and in hand		**3,096,393**	**3,065,126**	2,837,815	2,794,040
		9,092,111	**9,330,088**	9,069,531	9,311,090
Creditors: amounts falling due within one year	12	**(148,287)**	**(78,272)**	(46,280)	(35,507)
Net current assets		**8,943,824**	**9,251,816**	9,023,251	9,275,583
Total assets less current liabilities		**13,686,496**	**13,994,489**	13,814,816	14,067,149
Provision for liabilities	13	**(42,000)**	**(42,000)**	(42,000)	(42,000)
Total net assets		**13,644,496**	**13,952,489**	13,772,816	14,025,149
The funds of the charity:					
Funds and reserves					
Unrestricted funds					
. General fund		**11,699,942**	**12,007,935**	11,768,131	12,020,464
Restricted funds	14	**711,314**	**711,314**	760,139	760,139
Special trust funds	14	**1,233,240**	**1,233,240**	1,244,546	1,244,546
		13,644,496	**13,952,489**	13,772,816	14,025,149

The accounts were approved by the Executive Committee on 28 November 2022 and signed on their behalf by:

Linda Davis, Chair

Jonathan Cole, Treasurer

Clare Scott Booth, Chief Executive

The Sheppard Trust, Company Limited by Guarantee
Registration Number 06621820 (England and Wales)

Consolidated statement of cash flows Year to 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**(418,742)**	(242,649)
Cash flows from investing activities:			
Purchase of fixed assets		**(68,372)**	—
Investment income		**95,741**	96,686
Proceeds from the disposal of investments		**1,016,788**	755,334
Purchase of investments		**(386,896)**	(1,213,114)
Net cash provided by (used in) investing activities		**657,261**	(361,094)
Change in cash and cash equivalents in the year		**238,519**	(603,743)
Cash and cash equivalents at 1 April 2021		**4,853,035**	5,456,778
Cash and cash equivalents at 31 March 2022	B	**5,091,554**	4,853,035

Notes to the statement of cash flows for the year to 31 March 2022.

A Reconciliation of net movement in funds to net cash used in operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	**(128,320)**	403,485
Adjustments for:		
Depreciation charge	**50,344**	51,196
Gains on investments	**(85,251)**	(473,851)
Investment income	**(95,741)**	(96,686)
Increase in debtors	**(261,781)**	(121,532)
Increase (decrease) in creditors	**102,007**	(15,261)
Increase in provision for pension liabilities	**—**	10,000
Net cash used in operating activities	**(418,742)**	(242,649)

B Analysis of cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	**3,096,393**	2,837,815
Short term deposits	**1,513,158**	2,006,500
Cash held by investment managers	**482,003**	8,720
Total cash and cash equivalents	**5,091,554**	4,853,035

Analysis of changes in net cash (debt)

	At 31 March 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	2,837,815	258,578	**3,096,393**
Short term deposits	2,006,500	(493,342)	**1,513,158**
Cash held by investment managers	8,720	473,283	**482,003**
Total net cash (debt)	4,853,035	238,519	**5,091,554**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2022. The financial statements are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate each reporting line of the financial statements of The Sheppard Trust and its subsidiary company, ST Property Company Limited, made up at the balance sheet date.

No separate statement of financial activities or statement of cash flows has been presented for the charity alone, as permitted by s408 of the Companies Act 2006 and the Charities SORP FRS 102. The charity had total income in the year of £566,418 (2021 - £593,428), total expenditure of £792,700 (2021 - £594,034) and net investment and actuarial gains of £85,251 (2021 - £457,851 gains) resulting in a net deficit of £141,031 (2021 – surplus of £457,245).

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Executive Committee and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- valuation of listed investments using published market prices as a best indicator of fair value;
- estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation;

Critical accounting estimates and areas of judgement (continued)

- professional fees in connection with the development work have been treated as a prepayment on the basis that future economic benefits will be realised from these costs. Further details are included under future plans within the report of the Executive Committee; and

- assessing the probability of receipt and estimating the amount receivable in respect of legacies of which the charity has been notified, particularly where the estate is slow moving.

Assessment of going concern

The Executive Committee has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Executive Committee has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Executive Committee of the charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. The Executive Committee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and residents' maintenance contributions.

Donations received are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Income recognition (continued)
Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Dividend income is apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from residents' maintenance contributions is credited on an accruals basis.

Expenditure recognition
Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.

- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include property expenditure, social expenditure and grants to residents.

The charity makes grants to self-funded residents to support the payment of weekly maintenance contributions. These grants are recognised in full in the year they are awarded, unless the recipient has to fulfil performance conditions before the grant is released.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of staff time.

Tangible fixed assets

The cost of the freehold property was split between the land and buildings elements in 2000 using the Property Market Report Matrix. Land is not depreciated but buildings are depreciated on a straight line basis over their estimated useful life, assessed as 50 years. Improvements to the freehold property are depreciated on a reducing balance basis at a rate of 6.67%.

Expenditure on furniture, computer equipment, fixtures and fittings is written off in the year in which it is incurred except in the case of amounts of a non-recurring nature in excess of £10,000. These are capitalised and depreciated on a straight-line basis over four years.

Listed investments

Listed investments held as non-current assets and current asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains or losses on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year end and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains or losses are apportioned between funds in the ratio of the market value of separate funds at the beginning of the accounting period.

The Trustees monitor the underlying risks to which the investments are exposed by regular meetings and reviews with the investment managers. The risks to which the investments are exposed include market and credit risk. The exposure to market risk is mitigated by the Trust investing in a diverse portfolio of investments across various markets. Current asset investments are exposed to credit risk by this pooled fund being invested in short dated bonds and near cash investments. The risk is mitigated by the pooled fund being actively managed by the fund manager.

Debtors
Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand
Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Subsidiary undertaking
The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015.

The company was active from 1 April 2018. Results have been consolidated on a line by line basis.

Fund accounting
Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

Special trust funds comprise monies for which the charity has responsibility in trustee capacity. Income from the endowment fund can be used for general purposes and is credited directly to unrestricted reserves, unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

Pension contributions

The Trust participates in The Social Housing Pension Scheme (SHPS), a multi-employer pension plan which is funded and contracted out of the state scheme. Pension liabilities in respect of the defined benefits section of the Scheme are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as other recognised gains or losses.

Additional disclosures in relation to the pension plan are given in note 17.

Pension costs in respect of the defined contribution section of the plan are recognised when payable on an accruals basis.

Share capital

The company is limited by guarantee and has no share capital. Each member of the company guarantees to subscribe such amount as may be required for the purposes of the company, not exceeding £1 sterling.

1 Income from charitable activities

	Unrestricted funds	
	2022	2021
	£	£
Residents' maintenance contributions	**459,070**	463,425

2 Income from investments

	Unrestricted funds	Restricted funds	**Total 2022**
	£	£	**£**
UK listed investments			
. Equities and unit trusts	41,103	7,528	**48,631**
. Fixed interest	20,544	—	**20,544**
. Charities Property Fund	5,058	—	**5,058**
Bank interest	21,508	—	**21,508**
2022 Total funds	88,213	7,528	**95,741**

	Unrestricted funds	*Restricted funds*	*Total 2021*
	£	*£*	*£*
UK listed investments			
. Equities and unit trusts	*37,053*	*6,468*	*43,521*
. Fixed interest	*28,781*	*—*	*28,781*
. Charities Property Fund	*4,633*	*—*	*4,633*
Bank interest	*19,751*	*—*	*19,751*
2021 Total funds	*90,218*	*6,468*	*96,686*

3 Donations and legacies

	Unrestricted funds	
	2022	2021
	£	£
Donations	**7,146**	8,432
Legacies	**4,461**	24,885
	11,607	33,317

4 Expenditure on charitable activities

	Direct costs £	Support costs (note 6) £	**Total 2022 £**
Property expenditure:			
. Service costs	134,071	81,103	**215,174**
. Repairs	263,815	159,589	**423,404**
. Property depreciation	50,344	—	**50,344**
. Professional and consultancy fees	19,173	—	**19,173**
	467,403	240,692	**708,095**
Governance	—	19,037	**19,037**
Social expenditure	2,609	—	**2,609**
Grants to residents	16,706	—	**16,706**
	486,718	259,729	**746,447**

	Direct costs £	*Support costs (note 6) £*	*Total 2021 £*
Property expenditure:			
. Service costs	*132,479*	*104,896*	*237,375*
. Repairs	*159,071*	*133,155*	*292,226*
. Property depreciation	*51,197*	*—*	*51,197*
. Professional and consultancy fees	*11,756*	*—*	*11,756*
	354,503	*238,051*	*592,554*
Governance	*—*	*17,389*	*17,389*
Social expenditure	*3,620*	*—*	*3,620*
Grants to residents	*6,144*	*—*	*6,144*
	364,267	*255,440*	*619,707*

5 Costs of raising funds

	Unrestricted funds	
	2022 £	2021 £
Investment management fees	**19,949**	19,900
Advertising costs	**7,593**	8,187
	27,542	28,087

6 Support costs

	2022 £	2021 £
Staff costs	**180,090**	176,838
Professional fees	**23,372**	22,582
General office costs	**36,230**	37,631
Pension interest costs	**1,000**	1,000
Governance costs		
. Auditor's remuneration	**16,440**	14,880
. Accounts preparation fees	**2,597**	2,509
	259,729	255,440

7 Staff costs

a) Executive Committee members and employees

	Total 2022 £	Total 2021 £
Committee expenses		
Travel expenses for one Committee member (2021 - two)	**62**	262
Staff costs		
Salaries	**199,177**	195,532
Social security costs	**22,605**	22,134
Pension costs	**19,678**	17,426
	241,460	235,092

Staff costs have been allocated as follows:

	Total 2022 £	Total 2021 £
Charitable activities	**61,370**	58,254
Support costs	**180,090**	176,838
	241,460	235,092

b) Number of employees

The average number of employees expressed as full time equivalents was as follows:

	2022 No.	2021 No.
Management staff	**3**	3
Cleaners	**1**	1
	4	4

c) Higher paid employees

	2022 No.	2021 No.
£90,001 - £100,000	**1**	1

7 Staff costs (continued)

d) Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Executive Committee and the Chief Executive. The total cost of employment (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £114,379 (2021 - £111,351).

8 Tangible fixed assets

Group and charity	Freehold property £	Improvements to freehold property £	**2022 £**
Cost			
At 1 April 2021	2,330,204	415,187	**2,745,391**
Additions	—	68,372	**68,372**
At 31 March 2022	2,330,204	483,559	**2,813,763**
Depreciation			
At 1 April 2021	849,684	235,975	**1,085,659**
Charge for year	38,396	11,948	**50,344**
At 31 March 2022	888,080	247,923	**1,136,003**
Net book values			
At 31 March 2022	1,442,124	235,636	**1,677,760**
At 31 March 2021	1,480,520	179,212	**1,659,732**

The Executive Committee considers the market value of land and buildings to be in excess of carrying value. During the year the property was marketed and offers invited, and after the year end the charity entered into a contract for sale of all the current land and buildings for consideration of £30m. The sale will complete in March 2023. The proceeds will be reinvested into new buildings to house the charity's beneficiaries, as outlined in the report of the Executive Committee.

As at 31 March 2022, the charity had no capital commitments (2021 - £nil).

9 Investments

a) Listed investments

Group and charity	2022 £	2021 £
At 1 April 2021	**3,123,113**	2,710,319
Purchases at cost	**383,430**	706,041
Disposal proceeds	**(1,016,788)**	(755,334)
Increase in market value	**93,154**	462,087
Market value as at 31 March 2022	**2,582,909**	3,123,113
Cash on deposit and dealing account	**482,003**	8,720
Total investments as at 31 March 2022	**3,064,912**	3,131,833
Analysis by type – UK listed investments		
. Equities and unit trusts	**2,084,724**	2,075,375
. Fixed interest	**195,848**	808,758
. Charities Property Fund	**122,252**	105,805
. Alternative assets	**180,085**	133,175
	2,582,909	3,123,113
Cash on deposit and dealing account	**482,003**	8,720
	3,064,912	3,131,833
Historical cost of the above	**1,702,069**	2,282,056

As at 31 March 2022, no individual investment holding represented a material amount of the total portfolio valuation. The largest single holding represented 9% of the total portfolio.

b) Investment in subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015. The results of the subsidiary for the year ended 31 March 2022 are set out below.

	2022 £	2021 £
Turnover	**—**	—
Cost of sales	**—**	—
Operating expenses	**55,661**	53,760
Operating loss	**(55,661)**	(53,760)
Loss brought forward	**(252,333)**	(198,573)
Retained loss	**(307,994)**	(252,333)

At 31 March 2022, ST Property Company Limited had retained losses of £307,994 (2021 - £252,333) and called up share capital of £1 (2021 - £1). The results and balance sheet figures have been consolidated on a line by line basis within the accounts of the Sheppard Trust.

10 Current asset investments

Group and charity	2022 £	2021 £
At 1 April 2021	**2,037,112**	1,518,275
Net investment	**—**	500,000
Interest re-invested	**3,466**	7,073
(Decrease) increase in market value	**(7,903)**	11,764
Market value at 31 March 2022	**2,032,675**	2,037,112
Analysis by type – UK listed investments		
. Equities and unit trusts	**2,032,675**	2,037,112
Historical cost of the above	**1,919,591**	1,919,591

As at 31 March 2022, all current asset investments were invested in the Royal London Short Term Fixed Income Fund Y Inc.

11 Debtors

	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Legacies receivable	**217,358**	**217,358**	232,588	232,588
Residents' maintenance contributions	**10,024**	**10,024**	8,989	8,989
Gift aid receivable	**3,002**	**3,002**	2,699	2,699
VAT recoverable	**20,026**	**—**	3,771	—
Prepayments – operational	**57,748**	**57,748**	4,746	4,746
Prepayments – development costs	**2,133,492**	**500,000**	1,930,512	500,000
Due from subsidiary undertaking	**—**	**1,922,762**	—	1,719,617
Other debtors and interest receivable	**8,235**	**8,235**	4,799	4,799
	2,449,885	**2,719,129**	2,188,104	2,473,438

12 Creditors: amounts falling due within one year

	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Social security and taxation	**5,087**	**5,087**	4,761	4,761
Accruals	**143,200**	**73,185**	41,519	30,746
	148,287	**78,272**	46,280	35,507

13 Provision for liabilities

Group and charity	2022 £	2021 £
Pension deficit liabilities (note 17)	**42,000**	42,000

14 Restricted and Special trust funds

Group and charity	At 1 April 2021 £	Income £	Expenditure £	Gains and losses £	**As at 31 March 2022 £**
Restricted funds					
Extraordinary repair fund	29,887	430	(30,810)	493	**—**
Capital grant fund	730,252	—	(18,938)	—	**711,314**
Maintenance fund	—	7,098	(7,098)	—	**—**
	760,139	7,528	(56,846)	493	**711,314**
Special trust funds					
Endowment fund	1,243,546	—	(19,458)	8,152	**1,232,240**
Restricted fund	1,000	—	—	—	**1,000**
	1,244,546	—	(19,458)	8,152	**1,233,240**

Restricted funds

The Extraordinary Repair Fund may only be used for extraordinary repair, improvement or development of the Trust's property. The Capital Grant Fund represents the unamortized portion of the Social Housing Grant received towards the cost of land and buildings. The Maintenance Fund may only be used for the maintenance of the Trust's property.

Special trust funds

The Special Trust Funds are properties and investments endowed to the unincorporated charity which cannot be fully transferred. The properties are depreciated as per the accounting policy on page 30 and any income earned on the investments may only be used on the maintenance of the Trust's properties.

Allocation between funds

Repairs are allocated firstly against the income of the Maintenance Fund which is originally generated from the Endowment and Maintenance Fund. Any excess expenditure is then allocated to the Extraordinary Repairs Fund before being spent from unrestricted funds.

Investment income and the valuation adjustment are apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

14 Restricted and Special trust funds (continued)

Group and charity	*At 1 April 2020 £*	*Income £*	*Expenditure £*	*Gains and losses £*	*As at 31 March 2021 £*
Restricted funds					
Extraordinary repair fund	*27,277*	*364*	*—*	*2,246*	*29,887*
Capital grant fund	*749,190*	*—*	*(18,938)*	*—*	*730,252*
Maintenance fund	*—*	*6,104*	*(6,104)*	*—*	*—*
	776,467	*6,468*	*(25,042)*	*2,246*	*760,139*
Special trust funds					
Endowment fund	*1,225,410*	*—*	*(19,458)*	*37,594*	*1,243,546*
Restricted fund	*1,000*	*—*	*—*	*—*	*1,000*
	1,226,410	*—*	*(19,458)*	*37,594*	*1,244,546*

15 Net assets between funds

Fund balances at 31 March 2022 are represented by:

Group	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2022 £**
Tangible fixed assets	235,636	—	1,442,124	**1,677,760**
Investments	2,562,482	—	502,430	**3,064,912**
Net current assets	8,943,824	—	—	**8,943,824**
Inter-fund account (note 16)	—	711,314	(711,314)	**—**
Provisions	(42,000)	—	—	**(42,000)**
	11,699,942	711,314	1,233,240	**13,644,496**

Charity	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2022 £**
Tangible fixed assets	235,636	—	1,442,124	**1,677,760**
Investments	2,562,483	—	502,430	**3,064,913**
Net current assets	9,251,816	—	—	**9,251,816**
Inter-fund account (note 16)	—	711,314	(711,314)	**—**
Provisions	(42,000)	—	—	**(42,000)**
	12,007,935	711,314	1,233,240	**13,952,489**

15 Net assets between funds (continued)

Group	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2021 £*
Tangible fixed assets	*179,212*	*—*	*1,480,520*	*1,659,732*
Investments	*2,607,668*	*29,887*	*494,278*	*3,131,833*
Net current assets	*9,023,251*	*—*	*—*	*9,023,251*
Inter-fund account (note 16)	*—*	*730,252*	*(730,252)*	*—*
Provisions	*(42,000)*	*—*	*—*	*(42,000)*
	11,768,131	*760,139*	*1,244,546*	*13,772,816*

Charity	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2021 £*
Tangible fixed assets	*179,212*	*—*	*1,480,520*	*1,659,732*
Investments	*2,607,669*	*29,887*	*494,278*	*3,131,834*
Net current assets	*9,275,583*	*—*	*—*	*9,275,583*
Inter-fund account (note 16)	*—*	*730,252*	*(730,252)*	*—*
Provisions	*(42,000)*	*—*	*—*	*(42,000)*
	12,020,464	*760,139*	*1,244,546*	*14,025,149*

16 Inter-fund accounts

Group and charity	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2022 £**
Amount due to Sheppard Trust (1133356)	—	711,314	(711,314)	**—**

Group and charity	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2021 £*
Amount due to Sheppard Trust (1133356)	*—*	*730,252*	*(730,252)*	*—*

This amount represents the interest in the Trust's freehold property arising from the unamortised proportion of Housing Corporation grants received for their development.

This portion of the property's value demonstrably did not arise from the endowments of the charity and has therefore been transferred to the Incorporated Charity, represented as a debt due should the value of the property be crystallised.

17 Pension Scheme

From 1 October 2010, the Trust offers new joiners participation in the defined contribution section of the Social Housing Pension Scheme, having previously offered entry into the defined benefit section. The Trust closed the defined benefit section to new entrants at the same date.

Social Housing Pension Scheme (Defined Contribution)

This scheme is administered by The Pensions Trust and is a defined contribution scheme. The employer contribution rate payable by the Trust per annum is 6%.

Social Housing Pension Scheme (Defined Benefit)

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The latest estimated employer debt on withdrawal from the scheme, being as at 30 September 2021, is £144,645 (30 September 2020 - £234,151).

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Defined benefit liability

	2022 £	2021 £
Fair value of plan assets	**212,000**	315,000
Present value of defined benefit obligation	**(254,000)**	(357,000)
Deficit in plan recognised	**(42,000)**	(42,000)

Reconciliation of opening and closing balances of defined benefit obligation

	Year to 31 March 2022 £	Year to 31 March 2021 £
Defined benefit obligation at start of period	**357,000**	313,000
Current service cost	**9,000**	8,000
Expenses	**2,000**	2,000
Interest expense	**7,000**	8,000
Contributions by plan participants	**3,000**	3,000
Actuarial gains due to scheme experience	**(98,000)**	(10,000)
Actuarial (gains) losses due to changes in demographic assumptions	**(5,000)**	2,000
Actuarial (gains) losses due to changes in financial assumptions	**(10,000)**	43,000
Benefits paid and expenses	**(11,000)**	(12,000)
Defined benefit obligation at end of period	**254,000**	357,000

Reconciliation of opening and closing balances of the fair value of plan assets

	Year to 31 March 2022 £	Year to 31 March 2021 £
Fair value of plan assets at start of period	**315,000**	281,000
Interest income	**6,000**	7,000
Experience (losses) gain on plan assets	**(119,000)**	19,000
Employer contributions	**18,000**	17,000
Member contributions	**3,000**	3,000
Benefits paid and expenses	**(11,000)**	(12,000)
Fair value of plan assets at end of period	**212,000**	315,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was a negative return of £113,000. (2021 – positive return of £26,000).

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) (continued)

Defined benefit costs recognised in the statement of financial activities

	Year to 31 March 2022 £	Year to 31 March 2021 £
Included in expenditure on charitable activities		
Current service cost	**9,000**	8,000
Expenses	**2,000**	2,000
Net interest expense	**1,000**	1,000
Total expense	**12,000**	11,000

	Year to 31 March 2022 £	Year to 31 March 2021 £
Included in other recognised gains and losses		
Experience (losses) gains on plan assets	**(119,000)**	19,000
Experience gains arising on the plan liabilities	**98,000**	10,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	**5,000**	(2,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	**10,000**	(43,000)
Total losses	**(6,000)**	(16,000)

Assets

The charity's share of assets held within the Scheme at 31 March 2022 are shown below. None of the fair values of the assets include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	2022 £	2021 £
Absolute Return	**8,000**	17,000
Alternative Risk Premia	**7,000**	12,000
Cash	**1,000**	—
Corporate Bond Fund	**14,000**	19,000
Credit Relative Value	**7,000**	10,000
Currency Hedging	**(1,000)**	—
Distressed Opportunities	**8,000**	9,000
Emerging Markets Debt	**6,000**	13,000
Global Equity	**41,000**	50,000
High Yield	**2,000**	9,000
Infrastructure	**15,000**	21,000
Insurance-Linked Securities	**5,000**	8,000
Liability Driven Investment	**59,000**	80,000
Liquid Credit	**—**	4,000
Long Lease Property	**5,000**	6,000
Net Current Assets	**1,000**	2,000
Opportunistic Credit	**1,000**	9,000
Opportunistic Illiquid Credit	**7,000**	8,000
Private Debt	**5,000**	7,000
Property	**6,000**	7,000
Risk Sharing	**7,000**	11,000
Secured Income	**8,000**	13,000
Total assets	**212,000**	315,000

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Key assumptions

	31 March 2022 % p.a.	31 March 2021 % p.a.
Discount rate	**2.74**	1.86
Inflation (RPI)	**4.00**	3.40
Inflation (CPI)	**3.39**	2.74
Salary Growth	**4.39**	3.74
Allowance for commutation of pension for cash at retirement	**75%**	75%

Mortality assumptions at 31 March 2022 imply the following life expectancies

	Life expectancy at age 65
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

18 Trustees and indemnity insurance

The Trust has taken out a Directors and Officers Management Protection policy with RSA with a total cover of £1 million for any one claim.

19 Contingent liability

The properties at Lansdowne Walk are owned by The Sheppard Trust, but refurbishments to them in the 1980s and 1990s were partially funded through a Housing Corporation Social Housing Grant amounting to £1.3 million. Should the properties at Lansdowne Walk be sold, repayment provisions for the total grant may crystallise resulting in an amount of up to £1,339,524 becoming repayable.

After the year end The Sheppard Trust entered into a contract to sell the properties at Lansdowne Walk, and as a result this liability is expected to crystallise on 31 March 2023 when the sale is due to complete.

20 Related party transactions

The charity owns the entire share capital in ST Property Company Limited (note 9b). During the year, the charity recharged costs of £53,144 (2021 - £51,591) to the company. At 31 March 2022, ST Property Company Limited owed the charity £1,922,762 (2021 - £1,719,618) relating to costs settled by the charity in order to support the company's cash flow needs.

Other than Executive Committee members expenses, as disclosed in note 7, there were no further related party transactions.

THE SHEPPARD TRUST

England & Wales - Charity number 1133356

Accounts

The Sheppard Trust

Annual Report and Financial Statements

31 March 2021

Company Limited by Guarantee
Registration Number
6621820 (England and Wales)

Charity Registration Number 1133356

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Report of the Executive Committee

The Executive Committee, whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the consolidated financial statements of The Sheppard Trust (the "Trust") and its subsidiary ST Property Company Limited for the year ended 31 March 2021.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 31 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

OUR PURPOSES AND ACTIVITIES

Providing Homes

Maintaining Independence

Community Spirit

The Sheppard Trust is an almshouse charity founded in 1855.

Its main charitable object is to provide low-cost housing for ladies who are in need, hardship or distress, who are aged 55 or over and who abide by a Christian faith. In practice the trustees normally accept applications from women aged 65 or over, in order to prioritise those most in need of the type of housing and support available.

The Trust's main activity is providing sheltered housing, with some staff support, which enables our residents to live comfortably and independently in their own accommodation. Currently there is accommodation for 29 older women in need of low-cost, comfortable and secure homes. Sheppard Trust residents have the security of knowing that their homes will remain affordable and well maintained, and that support is on hand when needed.

The Trust's activities are underpinned by a strong set of values: that the residents should feel comfortable, warm and secure in their homes; that their independence, privacy and dignity should always be respected; that their homes, the utility services and safety systems should be maintained to a high standard; that they should be well-supported at times of ill health or other need; and that a mutually supportive community spirit should develop through a range of social activities. All the activities undertaken are informed by these values.

OUR PURPOSES AND ACTIVITIES (continued)

Priority is given to those in the greatest need and residents often come to us from insecure or unsettled accommodation. The majority of the residents receive housing benefit and other welfare benefits, and those who are ineligible for this support nevertheless have incomes and savings far from adequate to buy or privately rent a home in London.

The Trust's work contributes to reducing homelessness amongst older people, and reducing social care costs by helping residents remain independent and active. The Executive Committee firmly believes that the provision of affordable housing for those in need is for the public benefit, and confirms that in planning its activities it has had regard to the Charity Commission's general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

Our work in 2020 was of course hugely affected by the coronavirus pandemic. The lockdown announced on 23 March 2020 meant that we had to quickly adapt including new procedures to reduce the risk of infection. Our support service switched to mostly telephone based and we carried out daily or weekly welfare checks for those residents who wished it. We started working with new volunteer agencies to ensure all our residents had access to shopping.

Two members of staff, our housekeeper and our resident support co-ordinator, carried on working on site throughout 2020. The administration work switched to mostly home based working with attendance at site for tasks that cannot be carried out at home. No staff were furloughed. Initially we suspended maintenance work, other than for emergencies and vital safety checks, but we soon introduced new procedures to enable contractors and others to attend safely to carry out essential maintenance work. We gained Covid-secure status for the offices and common areas.

Sadly, all social activities had to be suspended and we had to close our guest rooms. There was an impact on mental wellbeing and loneliness as residents who normally live full and active lives had to curtail their normal activities. We signposted residents to resources for mental wellbeing, to online activities for those able to connect, and to telephone befriending services, and we continued to visit the most vulnerable regularly, taking appropriate precautions.

As restrictions eased over the summer we were able to offer more: groups of six were able to enjoy socialising in the gardens at a safe distance. The gardens were very important to our residents this year as a place to go outdoors and for activity, with several residents tending to an allocated patch of the gardens.

Our Pilates instructor returned and we subsidised her work so that residents could have a private lesson rather than a group class for the same small contribution they made previously. A new hairdresser was recruited who was able to visit using our therapy room safely. Volunteers to take older residents for walks in the garden squares were also able to return for a while.

ACHIEVEMENTS AND PERFORMANCE (continued)

Restrictions tightened again in the autumn and residents found this very frustrating. As Christmas approached, residents took part in decorating the houses and although our normal parties and outings were not possible, we were able to offer some online carol concerts and a Christmas "goody bag" which was much appreciated.

At the start of 2020 we had started a programme to improve our resident participation and listening to and acting on resident views. We held the first of what were intended to be quarterly meetings to work on this together. The meetings had to cease because of the pandemic and it has been much harder to hold two-way dialogue with our residents, but we did carry out two formal consultations on the Trust's criteria for applicants and on pet ownership. There was also a lot of informal consultation around the gardens. This work will continue in future years.

The pandemic also made it much more difficult for new residents to move into the flats, although we were able to develop new procedures for safe moves. We welcomed one new resident and we also completed one internal move for health reasons. One resident sadly died during the year, not Covid related. As a result of it taking longer to fill vacancies we had 28 residents for most of the year rather than the usual 29. In the summer as the lockdown eased we had a large number of new enquiries and when restrictions allowed we were able to meet these ladies with a view to placing them on our waiting list for future vacancies.

Currently our residents range in age between 72 and 94, with an average age of 79. As at 31 March 2021 five residents were aged over 90. We have been able to escort residents who wanted it to their Covid-19 vaccination appointments and arranged some home visits for vaccinations where needed. We continue to provide a full support service including:

- Daily welfare visits or calls to our most vulnerable residents, providing support and company as well as checking on health and wellbeing;

- Help to those going into or leaving hospital, for example collecting prescriptions and shopping;

- Helping older residents to arrange and access social activities and transport to attend them;

- Improving independence by identifying needs and providing equipment or making minor alterations in a residents flat, working with occupational therapists;

- Advocating for our residents with social services and care agencies to ensure they are receiving any care they need.

Maintenance and health and safety remain very high priorities. As well as the routine programme of servicing and safety checks, there was comprehensive work to repave the gardens and to lower a wall and rebuild steps, to make the gardens safer and more enjoyable for the residents, and new raised beds were built. Two flats were refurbished.

ACHIEVEMENTS AND PERFORMANCE (continued)

The Trust's work responds to the continued external changes in adult social care, along with increases in life expectancy. Older people are now being enabled to stay in their homes longer in life and the Trust is increasingly involved in working intensively with families, social services and other agencies to ensure our residents' needs can be met. Our current buildings remain increasingly constraining and we encounter a number of physical difficulties in meeting the needs of individual residents, ranging from the steps and the bathroom facilities to sound and heat insulation issues. We continued to pursue our plans to relocate although we do not yet have planning permission for a suitable scheme (see Future Plans below).

In March 2021, following a consultation, the trustees agreed to apply to the Charity Commission to widen the charitable objects in order to broaden the range of beneficiaries. After the year end the Charity Commission approved this change which will enable a change to be made to the criteria to abide by the Christian faith, so that instead new residents will agree to abide by a set of shared values based on the Christian faith. This will enable the Trust to reach a wider group of women whilst still maintaining a community based on shared values. The trustees consider that this will remain sympathetic to Elizabeth Sheppard's original intentions, whilst better reflecting today's society.

FUTURE PLANS

The Sheppard Trust has for some time been committed to an ambitious vision for a brand new, fit for purpose housing scheme, where its residents can enjoy excellent facilities and a home that meets their needs for life, and where it can double the number of beneficiaries. We continued to work towards realising this vision.

Housing for older people has never been more important and there is a huge need for good quality, affordable provision for those of limited means to buy or rent property. The Trust's current properties have served their purpose well for many years in providing secure and comfortable homes, but the physical limitations of the current buildings are already restricting us and will not meet the needs for the next generation of older women.

The main issues we face in our current location are:

- Access: no facilities for wheelchair or mobility scooter users, and difficulties for those with other mobility related needs. Five of the flats have steps within them which are a potential hazard and not appropriate for housing designated for older people. There is no level access to enter the buildings and although there are lifts there are steps in some of the narrow internal corridors and no level access to some flats.

- Space standards: most of the flats are not suitable for housing older people, particularly those with mobility related needs or care and support needs. For example the bathrooms allow insufficient space for those who need support from carers for personal care, and most of the kitchens are unsuitable for those with mobility related needs.

FUTURE PLANS (continued)

- Poor noise and heat insulation, poor energy performance, limited natural light in some areas, and limited communal and circulation spaces.

- Other significant limitations in how the properties could be adapted to meet modern and future best practice in housing for older people, for example to become "dementia friendly" or to include technology to support lifestyle or care and support needs.

As explained in "Achievements and Performance" above, there are already situations in which these issues mean residents' needs cannot be fully met to the high standards we aspire to.

As a result, the Executive Committee has concluded that continuing to maintain and attempting to upgrade these Victorian homes is not good value for money, as the potential for people to "age in place" is significantly limited, the age of the buildings means it is highly challenging to create homes with low maintenance and running costs, and the properties are unlikely to meet the aspirations of future generations of older people. Therefore for some years it has pursued a strategy to relocate the Trust to modern purpose built homes designed for the needs of older people and located in a more affordable area.

The vision is for housing which will enable residents to remain in their homes much longer in life and in most cases for the rest of their lives, and also to provide for a greater number of beneficiaries. Our vision also includes a tailored on-site support offer and access to care services to meet individual needs and a range of community activity giving choices for an active and fulfilling old age.

The Trust started its search for a suitable site in the Royal Borough of Kensington and Chelsea, where its current properties are located, but has gradually widened the area of search over the past ten years as it became increasingly apparent that no suitable and affordable sites were viable prospects within the borough. Sites throughout the West London area and just outside have also been considered. After this long search, the Trustees announced in October 2018 that an agreement had been reached with the Royal Cambridge Home to purchase part of their site in East Molesey, near Hampton Court, subject to planning permission. The site is situated in a very pleasant residential area with access to shopping and leisure facilities and there is easy access to Central London in just over half an hour from Hampton Court station. There are mature trees on all sides and significant green spaces as well as easy level access to the Thames riverside with its walking paths and cafes.

Plans were drawn up for 60 large one bedroom flats for the Sheppard Trust for our current residents, women on our waiting list, and local women in need of low cost housing. There will be a range of communal facilities – a lounge, care, hairdressing/therapy room, hobby rooms and other useful spaces for meeting together. The housing will meet high modern standards in terms of space standards, future adaptability including wheelchair use and assistive technologies, sound and heat insulation, energy performance and security, based on the HAPPI standards which set out best practice for older people's housing. It will have a residential character that promotes independence and avoids an institutional atmosphere.

FUTURE PLANS (continued)

A brand-new care home for the Royal Cambridge Home is planned to be located on the remainder of the site. The two buildings, and the two charities, will be separate but will complement each other.

A joint planning application was submitted and was recommended for approval by planning officers but, disappointingly, in early 2020 the local authority decided not to grant planning permission. The Trustees spent some time considering the options, and in July 2020 an appeal was submitted. Delays in the planning appeal process because of the Covid-19 pandemic mean that the appeal has not yet been determined. It is now estimated that if the appeal is successful the earliest possible completion date is in mid-2025.

However, if we can proceed, this exciting development will enable us to offer homes which truly meet our residents' needs into old age, enable us to offer homes for life in most cases, and double the number of beneficiaries that the Trust is able to help.

The development work is being undertaken by the Trust's wholly owned subsidiary company, ST Property Company Limited. This is in order to ringfence the charity from some of the risks of entering into construction contracts and also for tax effectiveness. The company is entering into a deed of covenant so that all its profits will be gifted to the charity.

The Trustees appreciate that this causes continued uncertainty for our current residents. All our current residents will be guaranteed a brand new flat wherever and whenever we finally move, but moving house, particularly at an advanced age, can be daunting and stressful. We will see to all the business of moving at no cost to our residents and support them through the whole process. For some of our residents with close ties to our current location, moving with us may not be the right option. We have offered a package of support and assistance to those residents to help them to find suitable alternatives if they wish to, and to help with moving. During the process we will continue our efforts to communicate well with our residents and to involve them in the detailed design process.

Our continued objective is to safeguard the future of the Sheppard Trust by providing modern accommodation which meets its current and future residents' needs for many years to come, as well as doubling the number of women in need who we are able to help.

FINANCIAL REVIEW

The financial results of the Trust were satisfactory. There was a deficit for the year of £54,366 before gains on investments and actuarial losses on the defined benefit pension liability. This was primarily due to a large decrease in investment income, partly due to the impact of the Covid-19 pandemic on investment markets and partly due to withdrawals from the portfolio in previous years in order to hold liquid funds ready for investment in our future plans. Maintenance expenditure was also high due to the extensive garden works.

The Executive Committee remains satisfied that the underlying financial position of the Trust is secure, and that it is well placed to maintain the present level of service and to plan for the future.

FINANCIAL REVIEW (continued)

Review of business

The Trust's income for the period under review decreased from £646,768 to £593,428. The main reason for this was a fall in investment income as described above, partly offset by an increase in donations and legacies and a modest inflationary increase in income from residents. Expenditure has fallen slightly from £684,186 to £647,794. This was primarily because expenditure on professional and consultancy fees was lower.

There was a surplus of expenditure over income for the year of £54,366 (2020 – surplus of income over expenditure of £37,418). Gains on investments and actuarial losses resulted in a net increase in funds of £403,485 (2020 – decrease of £214,124).

At 31 March 2021, the Trust's total reserves amounted to £13,772,816 (2020 - £13,369,331). Of this, £1,244,546 (2020 - £1,226,410) related to special trust funds, which consist of properties and investments endowed to the unincorporated charity. A further £29,887 and £730,252 (2020 - £27,277 and £749,190) related to the restricted extraordinary repair and capital grant funds respectively. The purposes of these funds are described in more detail on page 38.

Unrestricted reserves have increased from £11,366,454 to £11,768,131. It remains the Trust's policy in due course to invest a very large part of its reserves in new housing for a greater number of beneficiaries.

Reserves policy

The Sheppard Trust holds reserves for three main purposes:

- To cover fluctuations in working capital, and to cover expenditure in the event of unexpected circumstances such as an unforeseen drop in investment income or vacancies in the accommodation;

- To ensure funds are available when needed for major property repairs above and beyond the normal annual expenses of maintenance; and

- To spend, over the next five to ten years, on expanding the charity's activities by providing new, modern accommodation for a much greater number of beneficiaries.

Once a beneficiary has been accepted, the Trust aims to support and enable her to stay in her home in the Trust's property for as long as possible, and it therefore has a long term commitment to maintain its properties to a suitable standard and to support its beneficiaries. The Trust's current properties are large Victorian houses which require considerable maintenance expenditure.

The Executive Committee has concluded that a suitable level of ongoing free reserves for the first two purposes is c.£2.7m, taking into account their plans for a new property housing twice as many beneficiaries, and the preliminary operating budgets.

FINANCIAL REVIEW (continued)

The Executive Committee intend to spend the reserves in excess of this on the proposed new accommodation, using any additional funds available to improve the facilities available to the residents or to increase the number of residential units available for beneficiaries. Currently reserves are already being used to fund the development of the scheme.

As at 31 March 2021 the general reserves stood at £11.8m. The trustees therefore consider that £2.7m of this should be held as ongoing reserves and the remainder of £9.1m is available to be spent on this exciting project, as well as the value of the property currently held. The trustees are keeping the levels of reserves under review as the project progresses.

The trustees invest the ongoing reserves in order to contribute to the Trust's income and aim to match the liquidity of the investments to the predicted needs for cash. Reserves intended to be spent on the proposed new accommodation were liquidated in 2018 and 2019 and are now held as cash or cash equivalents to reduce the risk of fluctuations in value.

Going concern

The Trust has relatively stable sources of income and a high level of capital and reserves and its main source of income has not been materially disrupted by the Covid-19 pandemic. The Executive Committee are wholly confident that the Trust has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Investment policy

The general objectives of the Trust's Investment Policy are to generate sufficient income to meet projected levels of annual expenditure such that residents' maintenance contributions can be kept at a lower level than would otherwise be the case; and, subject to that requirement, to maximise investment growth so that the Trust is able to meet its revenue and capital expenditure programmes over the next 25 years in the interests of current and future beneficiaries.

The objectives are to be achieved by investing prudently and cautiously in a broad range of fixed interest securities and equities which are quoted by a recognised Investment Exchange, in Common Investment Funds and in unit trusts and open-ended investment companies which are authorised under the Financial Services and Markets Act 2000. Investments in derivatives are not permitted except with the written permission of the Executive Committee.

There are no ethical or geographical restrictions with regard to investment, but the Trust has confirmed with its investment managers that they should have regard to socially responsible investment issues when managing its portfolio.

The Trust has appointed Investec Wealth and Investment Ltd., who have confirmed that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, as investment managers with delegated discretionary powers of investment. Investec reports on performance quarterly.

FINANCIAL REVIEW (continued)

The equity portfolio is measured against a customised benchmark comprising: 15% Govt Bond Index, 35% FTSE All Share, 40% FTSE World ex UK, 5% IPD Index, 3% alternative assets and 2% prevailing cash rates. The Trust's investment policy requires its investment managers to outperform the agreed benchmark by 1% p.a. over a rolling three year period. Over the 12 month period the portfolio outperformed the benchmark by 2.9% and over a three year period the portfolio outperformed the benchmark by 0.3%. The three year performance is still distorted by changes in investment strategy in 2018 and 2019 in order to prioritise liquidity ready for future investment in new accommodation. The trustees are satisfied that the performance is on track after taking these factors into account.

Principal funding sources

The Trust's total income for the year ending 31 March 2021 was:

	2021		2020	
	£	**%**	£	%
Income from residents' maintenance contributions	**463,425**	**78%**	450,773	70%
Investment income	**96,686**	**16%**	187,685	29%
Donations and legacies	**33,317**	**6%**	8,310	1%
	593,428	**100%**	646,768	100%

Fundraising

The Trust is very grateful to the donors who supported our work during the year. They enabled us to provide additional support and services to our residents that might not otherwise be possible. The Trust is also grateful to those who support our work with a legacy. Legacy income is helping us to fund our future plans to help more beneficiaries in modern accommodation.

Donations (other than legacies) form a very small proportion of the Trust's income (under 1.5% in 2021 and 2020). There is a small group of regular donors giving either annually or more frequently. The main fundraising methods are writing annually to our supporters about our work, and placing legacy advertising in suitable journals. The Trust does not use any professional fundraisers or commercial participators. As the Trust is small and fundraising is a minor part of its activity, it has not yet signed up to any voluntary fundraising schemes or standards. The Trustees are not aware of any external fundraising carried out on the Trust's behalf nor have they encouraged any.

No complaints were received about the Trust's fundraising activity during the year. The Trust has taken steps to protect vulnerable people and others from unreasonable activity, persistent approaches or undue pressure to give. All our supporters are invited to express their contact preferences and contact is only made in accordance with these preferences. For most supporters this is a single letter and annual report once each year. We include clear contact details on all communications so that our supporters can raise any issues or change their contact preferences. We respect our supporters' decisions including a decision to stop giving, with gratitude for their past support.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sheppard Trust is a company limited by guarantee (Company No. 6621820) and a charity registered with the Charity Commission in England and Wales registered charity (Charity No. 1133356). It was incorporated on 17 June 2008 and its governing documents are the Memorandum and Articles of Association.

The charity has a linked subsidiary charity, also known as Sheppard Trust, governed by a scheme of 1932 as subsequently amended. The Charity Commission issued a uniting direction on 5 August 2010 to link it with the incorporated charity. The unincorporated charity remains a separate entity and subsidiary of the incorporated charity, with the trusteeship of the endowment fund being vested in the incorporated charity.

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and commenced trading on 1 April 2018. The company has been set up to carry out property development projects on behalf of the charity.

The charity's Articles of Association stipulate that the Executive Committee shall consist of not fewer than six or more than eleven trustees/directors and that at least four of the trustees/directors shall be female. New trustees/directors are appointed by resolution of the Committee. The Committee's policy, when vacancies arise, has been to review the skills available to it through its members and to recruit to fill identified gaps in knowledge or expertise.

The following members of the Executive Committee served during the period:

	Appointed/Retired
Linda Davis, Chair	
Jonathan Cole, Hon Treasurer	
Martyn Carter	
Amelia Gosal	
Christina Jordan, Vice Chair	
Keith Perry	
Yvette Ruggins	Resigned 31 August 2021
Claire Watson	
Neil White	

The Executive Committee takes responsibility for all strategic decisions and monitors the Trust's performance throughout the year. The Executive Committee normally meets six times each year. It is supported by two sub-committees – Finance Committee, and Appointments and Wellbeing Committee. The Executive Committee delegates responsibility for the day-to-day operation of the Trust to the Chief Executive. A Project Control Group has been set up to support the Executive Committee with its strategic development plans.

The Executive Committee has held meetings by Zoom video conferencing throughout the year, so that it has been able to continue to meet and fulfil its responsibilities throughout the pandemic.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Sheppard Trust is a member of both the National Housing Federation and the National Association of Almshouses. The Trust has adopted the latter body's 'Standards of Almshouse Management, a Guide to Good Practice'.

The Trust is also a member of the National Council for Voluntary Organizations (NCVO) and the Charity Finance Group. Membership of all these bodies brings training opportunities and an awareness of developments and initiatives in other parts of the voluntary sector.

None of the Executive Committee receives any remuneration from the charity. No related party transactions were reported, other than transactions with the charity's subsidiary.

Key management personnel

The Executive Committee consider that they, together with the Chief Executive, are the key management personnel in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

The remuneration of the Chief Executive and other staff is reviewed annually by the Executive Committee taking into account increases in average earnings and other relevant market information.

No members of the Executive Committee were remunerated for their services to the Trust during the year.

Risk management

The Executive Committee is responsible for the management of risks faced by the Trust and, through its Chief Executive, ensures that appropriate systems are maintained, that new risks are identified as they arise and appropriate controls established. The Executive Committee has established a new risk policy and a register of key risks which focuses on high-impact risks and which is regularly updated and presented at each meeting. By managing risk effectively, we try to ensure that:

- significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
- the charity makes the most of opportunities and develops them with the confidence that any risks will be managed;
- forward and strategic planning are improved;
- the charity's aims are achieved more successfully.

The systems of control operated by the Trust are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key controls include detailed consideration by the Finance Committee of proposed budgets and regular management accounting information; agreed financial procedures defining, among other things, spending levels and which are regularly reviewed; regular review of the waiting list and resident welfare by the Appointments and Wellbeing Committee and regular review of health and safety compliance information by the Executive Committee.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

The key risks currently facing the charity are

- external and internal factors preventing its future development plans being achievable at an acceptable cost or because insufficient resources are available. This includes economic and other impacts of the Covid-19 pandemic;
- the risks associated with maintaining the health, safety and welfare of its elderly residents, including safeguarding risks and Covid-19 risks;
- the risk of loss of income or excessive expenditure.

The Executive Committee has carried out a risk assessment specifically to identify the risks associated with the Trust's development strategy. The main areas of risk include external factors affecting the value of the current property, future construction costs, and government policy on revenue funding. There are also risks associated with economic uncertainty as a result of the pandemic.

The Trust is addressing these risks by

- Scrutiny and monitoring of the development project by a designated Project Control Group so that mitigating actions can be taken, regular budget and resource reporting and development of a project governance system.

- Specific interventions in relation to the pandemic including enhanced infection control procedures, PPE for high and medium risk activities, a risk audit of office procedures and procedures for working in people's homes, new arrangements for screening contractors and other visitors to the site, revised protocol for new residents moving in, policy changes to support residents whilst encouraging social distancing.

- Reviewing and enhancing its health and safety systems which include regular maintenance of all mechanical and electrical services, including particularly all fire precautions and central heating systems. Periodic fire and legionella risk assessments are undertaken. In addition, the condition of the fabric of the Trust's properties is kept under regular review and comprehensive insurances are in place. Ensuring that safeguarding policies and procedures are in place and that a safeguarding culture is developed.

- Maintenance of a waiting list and targets for property turnaround times, and periodic value for money exercises on specific aspects of expenditure.

The Executive Committee recognises that its systems provide reasonable, but not absolute, assurance that risks are being adequately managed, but believes that the major risks facing the Trust have been identified and that systems are in place to mitigate the effects of them.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Executive Committee (whose members are also the directors of The Sheppard Trust for the purposes of company law) is responsible for preparing the Executive Committee report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the income and expenditure of the group for that period.

In preparing these financial statements, the Executive Committee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Executive Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES (continued)

Statement as to disclosure to our auditors

Each member of the Executive Committee confirms that:

- so far as the Committee Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Committee Member has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Report of the Executive Committee has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Executive Committee and signed on its behalf by:

Linda Davis, Chair

27 September 2021

Executive Committee as at 27 September 2021	Linda Davis, Chair Jonathan Cole, Hon Treasurer Martyn Carter Amelia Gosal Christina Jordan, Vice Chair Keith Perry Claire Watson Neil White
Chief Executive and Secretary	Clare Scott Booth
Registered address	12 Lansdowne Walk London W11 3LN
Company registration number	6621820 (England and Wales)
Charity registration number	1133356
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment Managers	Investec Wealth and Investment Limited 2 Gresham Street London EC2V 7QN Royal London Asset Management Limited 55 Gracechurch Street London EC3V 0UF

Principal Bankers	Unity Trust Bank plc Nine Brindleyplace Birmingham B1 2HB
Solicitors	BDB Pitmans LLP One Bartholomew Close London EC1A 7BL
	Trowers and Hamlins LLP 3 Bunhill Row London EC1Y 8YZ

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Independent auditor's report to the members of The Sheppard Trust

Opinion

We have audited the financial statements of The Sheppard Trust (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the group and parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and of the charitable parent company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Executive Committee for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Report of the Executive Committee has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Executive Committees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- We identified the laws and regulations applicable to the group through discussions with key management and from our knowledge and experience of the sector in which the group operates;

- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the activities of the group. These included but were not limited to the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and representatives of those charged with governance.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested and reviewed journal entries to identify unusual transactions;
- Performed substantive testing on expenditure including the authorisation thereof;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of Trustees' meetings; and
- Enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

As a result of our procedures, we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

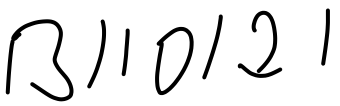
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL



Consolidated statement of financial activities Year to 31 March 2021
(incorporating the income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2021 £**	Total 2020 £
Income from:						
Charitable activities	1	463,425	—	—	**463,425**	450,773
Investments and interest receivable	2	90,218	6,468	—	**96,686**	187,685
Donations and legacies	3	33,317	—	—	**33,317**	8,310
Total income		586,960	6,468	—	**593,428**	646,768
Expenditure on:						
Charitable activities	4	575,207	25,042	19,458	**619,707**	655,519
Raising funds	5	28,087	—	—	**28,087**	28,667
Total expenditure		603,294	25,042	19,458	**647,794**	684,186
Net expenditure before gains (losses) on investment assets		(16,334)	(18,574)	(19,458)	**(54,366)**	(37,418)
Net investment gains (losses)	9, 10	434,011	2,246	37,594	**473,851**	(249,124)
Net income (expenditure)		417,677	(16,328)	18,136	**419,485**	(286,542)
Other recognised gains and losses						
Actuarial (losses) gains	17	(16,000)	—	—	**(16,000)**	35,000
Net movement in funds		401,677	(16,328)	18,136	**403,485**	(251,542)
Reconciliation of funds						
Fund balances at 1 April 2020		11,366,454	776,467	1,226,410	**13,369,331**	13,620,873
Fund balances at 31 March 2021		11,768,131	760,139	1,244,546	**13,772,816**	13,369,331

All the group's activities derived from continuing operations during the above two financial periods.

The group has no recognised gains or losses other than those shown above.

Consolidated statement of financial activities Year to 31 March 2021
(incorporating the income and expenditure account)

Comparative statement of financial activities – year ended 31 March 2020

	Notes	Unrestricted funds £	Restricted funds £	Special trust funds £	Total 2020 £
Income from:					
Charitable activities	*1*	*450,773*	*—*	*—*	*450,773*
Investments and interest receivable	*2*	*177,784*	*9,901*	*—*	*187,685*
Donations and legacies	*3*	*8,310*	*—*	*—*	*8,310*
Total income		*636,867*	*9,901*	*—*	*646,768*
Expenditure on:					
Charitable activities	*4*	*607,770*	*28,291*	*19,458*	*655,519*
Raising funds	*5*	*28,667*	*—*	*—*	*28,667*
Total expenditure		*636,437*	*28,291*	*19,458*	*684,186*
Net income (expenditure) before losses on investment assets		*430*	*(18,390)*	*(19,458)*	*(37,418)*
Net investment losses	*9, 10*	*(230,772)*	*(1,015)*	*(17,337)*	*(249,124)*
Net expenditure		*(230,342)*	*(19,405)*	*(36,795)*	*(286,542)*
Other recognised gains and losses					
Actuarial gains	*17*	*35,000*	*—*	*—*	*35,000*
Net movement in funds		*(195,342)*	*(19,405)*	*(36,795)*	*(251,542)*
Reconciliation of funds					
Fund balances at 1 April 2019		*11,561,796*	*795,872*	*1,263,205*	*13,620,873*
Fund balances at 31 March 2020		*11,366,454*	*776,467*	*1,226,410*	*13,369,331*

Balance sheets 31 March 2021

	Notes	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Fixed assets					
Tangible fixed assets	8	**1,659,732**	**1,659,732**	1,710,928	1,710,928
Investments	9	**3,131,833**	**3,131,834**	4,237,905	4,237,906
		4,791,565	**4,791,566**	5,948,833	5,948,834
Current assets					
Debtors	11	**2,188,104**	**2,473,438**	2,066,572	2,370,331
Investments	10	**2,037,112**	**2,037,112**	1,518,275	1,518,275
Short term deposits		**2,006,500**	**2,006,500**	2,000,000	2,000,000
Cash at bank and in hand		**2,837,815**	**2,794,040**	1,929,192	1,796,307
		9,069,531	**9,311,090**	7,514,038	7,684,913
Creditors: amounts falling due within one year	12	**(46,280)**	**(35,507)**	(61,541)	(33,843)
Net current assets		**9,023,251**	**9,275,583**	7,452,497	7,651,070
Total assets less current liabilities		**13,814,816**	**14,067,149**	13,401,331	13,599,904
Provision for liabilities	13	**(42,000)**	**(42,000)**	(32,000)	(32,000)
Total net assets		**13,772,816**	**14,025,149**	13,369,331	13,567,904
The funds of the charity:					
Funds and reserves					
Unrestricted funds					
. General fund		**11,768,131**	**12,020,464**	11,366,454	11,565,027
Restricted funds	14	**760,139**	**760,139**	776,467	776,467
Special trust funds	14	**1,244,546**	**1,244,546**	1,226,410	1,226,410
		13,772,816	**14,025,149**	13,369,331	13,567,904

The accounts were approved by the Executive Committee on 27 September 2021 and signed on their behalf by:

(Linda Davis)

Chair

(Jonathan Cole)

Treasurer

(Clare Scott Booth)

Chief Executive

The Sheppard Trust, Company Limited by Guarantee
Registration Number 6621820 (England and Wales)

Consolidated statement of cash flows Year to 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**(242,649)**	(666,723)
Cash flows from investing activities:			
Investment income		**96,686**	187,685
Proceeds from the disposal of investments		**755,334**	1,907,911
Purchase of investments		**(1,213,114)**	(252,049)
Net cash (used in) provided by investing activities		**(361,094)**	1,843,547
Change in cash and cash equivalents in the year		**(603,743)**	1,176,823
Cash and cash equivalents at 1 April 2020		**5,456,778**	4,279,955
Cash and cash equivalents at 31 March 2021	B	**4,853,035**	5,456,778

Notes to the statement of cash flows for the year to 31 March 2021.

A Reconciliation of net movement in funds to net cash used in operating activities

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	**403,485**	(251,542)
Adjustments for:		
Depreciation charge	**51,196**	52,111
(Gains) losses on investments	**(473,851)**	249,124
Investment income	**(96,686)**	(187,685)
Increase in debtors	**(121,532)**	(412,875)
Decrease in creditors	**(15,261)**	(76,856)
Increase (decrease) in provision for pension liabilities	**10,000**	(39,000)
Net cash used in operating activities	**(242,649)**	(666,723)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	**2,837,815**	1,929,192
Short term deposits	**2,006,500**	2,000,000
Cash held by investment managers	**8,720**	1,527,586
Total cash and cash equivalents	**4,853,035**	5,456,778

Analysis of changes in net cash (debt)

	At 31 March 2020 £	Cash flows £	**At 31 March 2021 £**
Cash at bank and in hand	1,929,192	908,623	**2,837,815**
Short term deposits	2,000,000	6,500	**2,006,500**
Cash held by investment managers	1,527,586	(1,518,866)	**8,720**
Total net cash (debt)	5,456,778	(603,743)	**4,853,035**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation
These financial statements have been prepared for the year to 31 March 2021. The financial statements are presented in sterling and are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006 and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Basis of consolidation
The consolidated statement of financial activities and group balance sheet consolidate each reporting line of the financial statements of The Sheppard Trust and its subsidiary company, ST Property Company Limited, made up at the balance sheet date.

No separate statement of financial activities or statement of cash flows has been presented for the charity alone, as permitted by s408 of the Companies Act 2006 and the Charities SORP FRS 102. The charity had total income in the year of £593,428 (2020 - £646,768), total expenditure of £594,034 (2020 - £684,186) and net investment and actuarial gains of £457,851 (2020 - £214,124 losses) resulting in a net surplus of £457,245 (2020 – deficit of £201,264).

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Executive Committee and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- valuation of listed investments using published market prices as a best indicator of fair value;
- estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation;

Critical accounting estimates and areas of judgement (continued)

- the assessment by the Executive Committee of the likelihood of the planning appeal on the planned future site being successful. Professional fees in connection with the development work have been treated as a prepayment on the basis that future economic benefits will be realised from these costs. Further details are included under future plans within the report of the Executive Committee; and
- assessing the probability of receipt and estimating the amount receivable in respect of legacies of which the charity has been notified, particularly where the estate is slow moving.

Assessment of going concern

The Executive Committee have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Executive Committee have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Executive Committee of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. The Executive Committee are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and residents' maintenance contributions.

Donations received are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Income recognition (continued)

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Dividend income is apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from residents' maintenance contributions is credited on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include property expenditure, social expenditure and grants to residents.

The charity makes grants to self-funded residents to support the payment of weekly maintenance contributions. These grants are recognised in full in the year they are awarded, unless the recipient has to fulfil performance conditions before the grant is released.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of staff time.

Tangible fixed assets

The cost of the freehold property was split between the land and buildings elements in 2000 using the Property Market Report Matrix. Land is not depreciated but buildings are depreciated on a straight line basis over their estimated useful life, assessed as 50 years. Improvements to the freehold property are depreciated on a reducing balance basis at a rate of 6.67%.

Expenditure on furniture, computer equipment, fixtures and fittings is written off in the year in which it is incurred except in the case of amounts of a non-recurring nature in excess of £10,000. These are capitalised and depreciated on a straight-line basis over four years.

Listed investments

Listed investments held as non-current assets and current asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains or losses on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains or losses are calculated as the difference between the fair value at the year end and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains or losses are apportioned between funds in the ratio of the market value of separate funds at the beginning of the accounting period.

The Trustees monitor the underlying risks to which the investments are exposed by regular meetings and reviews with the investment managers. The risks to which the investments are exposed include market and credit risk. The exposure to market risk is mitigated by the Trust investing in a diverse portfolio of investments across various markets. Current asset investments are exposed to credit risk by this pooled fund being invested in short dated bonds and near cash investments. The risk is mitigated by the pooled fund being actively managed by the fund manager.

Debtors
Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand
Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions
Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Subsidiary undertaking
The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015.

The company was active from 1 April 2018. Results have been consolidated on a line by line basis.

Fund accounting
Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

Special trust funds comprise monies for which the charity has responsibility in trustee capacity. Income from the endowment fund can be used for general purposes and is credited directly to unrestricted reserves, unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

Pension contributions

The Trust participates in The Social Housing Pension Scheme (SHPS), a multi-employer pension plan which is funded and contracted out of the state scheme. Pension liabilities in respect of the defined benefits section of the Scheme are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities within the charity's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expense category within the statement of financial activities. Actuarial gains and losses are recognised in the statement of financial activities as other recognised gains or losses.

Additional disclosures in relation to the pension plan are given in note 17.

Pension costs in respect of the defined contribution section of the plan are recognised when payable on an accruals basis.

Share capital

The company is limited by guarantee and has no share capital. Each member of the company guarantees to subscribe such amount as may be required for the purposes of the company, not exceeding £1 sterling.

1 Income from charitable activities

	Unrestricted funds	
	2021	2020
	£	£
Residents' maintenance contributions	**463,425**	450,773

2 Income from investments

	Unrestricted funds	Restricted funds	**Total 2021**
	£	£	**£**
UK listed investments			
. Equities and unit trusts	37,053	6,468	**43,521**
. Fixed interest	28,781	—	**28,781**
. Charities Property Fund	4,633	—	**4,633**
Bank interest	19,751	—	**19,751**
2021 Total funds	90,218	6,468	**96,686**

	Unrestricted funds	*Restricted funds*	*Total 2020*
	£	*£*	*£*
UK listed investments			
. Equities and unit trusts	*51,487*	*9,901*	*61,388*
. Fixed interest	*67,900*	*—*	*67,900*
. Charities Property Fund	*5,114*	*—*	*5,114*
Investment deposit interest	*15,473*	*—*	*15,473*
Bank interest	*37,810*	*—*	*37,810*
2020 Total funds	*177,784*	*9,901*	*187,685*

3 Donations and legacies

	Unrestricted funds	
	2021	2020
	£	£
Donations	**8,432**	8,310
Legacies	**24,885**	—
	33,317	8,310

4 Expenditure on charitable activities

	Direct costs £	Support costs (note 6) £	**Total 2021 £**
Property expenditure:			
. Service costs	132,479	104,896	**237,375**
. Repairs	159,071	133,155	**292,226**
. Property depreciation	51,197	—	**51,197**
. Professional and consultancy fees	11,756	—	**11,756**
	354,503	238,051	**592,554**
Governance	—	17,389	**17,389**
Social expenditure	3,620	—	**3,620**
Grants to residents	6,144	—	**6,144**
	364,267	255,440	**619,707**

	Direct costs £	*Support costs (note 6) £*	*Total 2020 £*
Property expenditure:			
. Service costs	*111,632*	*96,010*	*207,642*
. Repairs	*149,373*	*132,105*	*281,478*
. Property depreciation	*52,111*	*—*	*52,111*
. Professional and consultancy fees	*81,687*	*—*	*81,687*
	394,803	*228,115*	*622,918*
Governance	*—*	*15,392*	*15,392*
Social expenditure	*13,626*	*—*	*13,626*
Grants to residents	*3,583*	*—*	*3,583*
	412,012	*243,507*	*655,519*

5 Costs of raising funds

	Unrestricted funds	
	2021 £	2020 £
Investment management fees	**19,900**	20,935
Advertising costs	**8,187**	7,732
	28,087	28,667

6 Support costs

	2021 £	2020 £
Staff costs	**176,838**	173,479
Professional fees	**22,582**	21,978
General office costs	**37,631**	30,658
Pension interest costs	**1,000**	2,000
Governance costs		
. Auditor's remuneration	**14,880**	12,950
. Accounts preparation fees	**2,509**	2,442
	255,440	243,507

7 Staff costs

a) Executive Committee members and employees

	Total 2021 £	Total 2020 £
Committee expenses		
Travel expenses for two Committee members (2020 - two)	**262**	1,464
Staff costs		
Salaries	**195,532**	183,170
Social security costs	**22,134**	20,515
Pension costs	**17,426**	19,954
	235,092	223,639

Staff costs have been allocated as follows:

	Total 2021 £	Total 2020 £
Charitable activities	**58,254**	50,160
Support costs	**176,838**	173,479
	235,092	223,639

7 Staff costs (continued)

b) Number of employees

The average number of employees expressed as full time equivalents was as follows:

	2021 No.	2020 No.
Management staff	**3**	3
Cleaners	**1**	1
	4	4

c) Higher paid employees

	2021 No.	2020 No.
£90,001 - £100,000	**1**	1

d) Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Executive Committee and the Chief Executive. The total cost of employment (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £111,351 (2020 - £108,425).

8 Tangible fixed assets

Group and charity	Freehold property £	Improvements to freehold property £	**2021 £**
Cost			
As at 1 April 2020 and at 31 March 2021	2,330,204	415,187	**2,745,391**
Depreciation			
At 1 April 2020	811,288	223,174	**1,034,462**
Charge for year	38,396	12,801	**51,197**
At 31 March 2021	849,684	235,975	**1,085,659**
Net book values			
At 31 March 2021	1,480,520	179,212	**1,659,732**
At 31 March 2020	1,518,916	192,012	**1,710,928**

The Executive Committee considers the market value of land and buildings to be in excess of carrying value. However, it is not practical to quantify the difference.

As at 31 March 2021, the charity had no capital commitments (2020 - £nil).

9 Investments

a) Listed investments

Group and charity	2021 £	2020 £
At 1 April 2020	**2,710,319**	3,823,494
Purchases at cost	**706,041**	236,576
Disposal proceeds	**(755,334)**	(1,107,911)
Increase (decrease) in market value	**462,087**	(241,840)
Market value as at 31 March 2021	**3,123,113**	2,710,319
Cash on deposit and dealing account	**8,720**	1,527,586
Total investments as at 31 March 2021	**3,131,833**	4,237,905
Analysis by type – UK listed investments		
. Equities and unit trusts	**2,075,375**	1,401,975
. Fixed interest	**808,758**	1,074,863
. Charities Property Fund	**105,805**	107,697
. Alternative assets	**133,175**	125,784
	3,123,113	2,710,319
Cash on deposit and dealing account	**8,720**	1,527,586
	3,131,833	4,237,905
Historical cost of the above	**2,282,056**	3,184,876

As at 31 March 2021, no individual investment holding represented a material amount of the total portfolio valuation.

b) Investment in subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015. The results of the subsidiary for the year ended 31 March 2021 are set out below.

	2021 £	2020 £
Turnover	**—**	—
Cost of sales	**—**	—
Operating expenses	**53,760**	50,278
Operating loss	**(53,760)**	(50,278)
Loss brought forward	**(198,573)**	(148,295)
Retained loss	**(252,333)**	(198,573)

At 31 March 2021, ST Property Company Limited had retained losses of £252,333 (2020 - £198,573) and called up share capital of £1 (2020 - £1). The results and balance sheet figures have been consolidated on a line by line basis within the accounts of the Sheppard Trust.

10 Current asset investments

Group and charity	2021 £	2020 £
At 1 April 2020	**1,518,275**	2,310,086
Net investment (withdrawals)	**500,000**	(800,000)
Interest re-invested	**7,073**	15,473
Increase (decrease) in market value	**11,764**	(7,284)
Market value at 31 March 2021	**2,037,112**	1,518,275
Analysis by type – UK listed investments		
. Equities and unit trusts	**2,037,112**	1,518,275
Historical cost of the above	**1,919,591**	1,419,591

As at 31 March 2021, all current asset investments were invested in the Royal London Cash Plus Fund Y (Inc)

11 Debtors

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Legacies receivable	**232,588**	**232,588**	207,703	207,703
Residents' maintenance contributions	**8,989**	**8,989**	11,143	11,143
Gift aid receivable	**2,699**	**2,699**	2,351	2,351
VAT recoverable	**3,771**	**—**	6,377	—
Prepayments – operational	**4,746**	**4,746**	4,211	4,211
Prepayments – development costs	**1,930,512**	**500,000**	1,807,890	500,000
Due from subsidiary undertaking	**—**	**1,719,617**	—	1,618,027
Other debtors and interest receivable	**4,799**	**4,799**	26,897	26,896
	2,188,104	**2,473,438**	2,066,572	2,370,331

12 Creditors: amounts falling due within one year

	Group 2021 £	Charity 2021 £	Group 2020 £	Charity 2020 £
Social security and taxation	**4,761**	**4,761**	4,720	4,720
VAT payable	**—**	**—**	1,887	—
Accruals	**41,519**	**30,746**	54,934	29,123
	46,280	**35,507**	61,541	33,843

13 Provision for liabilities

Group and charity	2021 £	2020 £
Pension deficit liabilities (note 17)	**42,000**	32,000

14 Restricted and Special trust funds

Group and charity	At 1 April 2020 £	Income £	Expenditure £	Gains and losses £	**As at 31 March 2021 £**
Restricted funds					
Extraordinary repair fund	27,277	364	—	2,246	**29,887**
Capital grant fund	749,190	—	(18,938)	—	**730,252**
Maintenance fund	—	6,104	(6,104)	—	**—**
	776,467	6,468	(25,042)	2,246	**760,139**
Special trust funds					
Endowment fund	1,225,410	—	(19,458)	37,594	**1,243,546**
Restricted fund	1,000	—	—	—	**1,000**
	1,226,410	—	(19,458)	37,594	**1,244,546**

Restricted funds

The Extraordinary Repair Fund may only be used for extraordinary repair, improvement or development of the Trust's property. The Capital Grant Fund represents the unamortized portion of the Social Housing Grant received towards the cost of land and buildings. The Maintenance Fund may only be used for the maintenance of the Trust's property.

Special trust funds

The Special Trust Funds are properties and investments endowed to the unincorporated charity which cannot be fully transferred. The properties are depreciated as per the accounting policy on page 29 and any income earned on the investments may only be used on the maintenance of the Trust's properties.

Allocation between funds

Repairs are allocated firstly against the income of the Maintenance Fund which is originally generated from the Endowment and Maintenance Fund. Any excess expenditure is then allocated to the Extraordinary Repairs Fund before being spent from unrestricted funds.

Investment income and the valuation adjustment are apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

14 Restricted and Special trust funds (continued)

Group and charity	*At 1 April 2019 £*	*Income £*	*Expenditure £*	*Gains and losses £*	*As at 31 March 2020 £*
Restricted funds					
Extraordinary repair fund	*27,744*	*548*	*—*	*(1,015)*	*27,277*
Capital grant fund	*768,128*	*—*	*(18,938)*	*—*	*749,190*
Maintenance fund	*—*	*9,353*	*(9,353)*	*—*	*—*
	795,872	*9,901*	*(28,291)*	*(1,015)*	*776,467*
Special trust funds					
Endowment fund	*1,262,205*	*—*	*(19,458)*	*(17,337)*	*1,225,410*
Restricted fund	*1,000*	*—*	*—*	*—*	*1,000*
	1,263,205	*—*	*(19,458)*	*(17,337)*	*1,226,410*

15 Net assets between funds

Fund balances at 31 March 2021 are represented by:

Group	**Unrestricted funds £**	**Restricted funds £**	**Special trust funds £**	**Total 2021 £**
Tangible fixed assets	179,212	—	1,480,520	**1,659,732**
Investments	2,607,668	29,887	494,278	**3,131,833**
Net current assets	9,023,251	—	—	**9,023,251**
Inter-fund account (note 16)	—	730,252	(730,252)	**—**
Provisions	(42,000)	—	—	**(42,000)**
	11,768,131	760,139	1,244,546	**13,772,816**

Charity	**Unrestricted funds £**	**Restricted funds £**	**Special trust funds £**	**Total 2021 £**
Tangible fixed assets	179,212	—	1,480,520	**1,659,732**
Investments	2,607,669	29,887	494,278	**3,131,834**
Net current assets	9,275,583	—	—	**9,275,583**
Inter-fund account (note 16)	—	730,252	(730,252)	**—**
Provisions	(42,000)	—	—	**(42,000)**
	12,020,464	760,139	1,244,546	**14,025,149**

15 Net assets between funds (continued)

Group	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2020 £*
Tangible fixed assets	*192,012*	*—*	*1,518,916*	*1,710,928*
Investments	*3,753,944*	*27,277*	*456,684*	*4,237,905*
Net current assets	*7,452,498*	*—*	*—*	*7,452,498*
Inter-fund account (note 16)	*—*	*749,190*	*(749,190)*	*—*
Provisions	*(32,000)*	*—*	*—*	*(32,000)*
	11,366,454	*776,467*	*1,226,410*	*13,369,331*

Charity	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2020 £*
Tangible fixed assets	*192,012*	*—*	*1,518,916*	*1,710,928*
Investments	*3,753,945*	*27,277*	*456,684*	*4,237,906*
Net current assets	*7,651,070*	*—*	*—*	*7,651,070*
Inter-fund account (note 16)	*—*	*749,190*	*(749,190)*	*—*
Provisions	*(32,000)*	*—*	*—*	*(32,000)*
	11,565,027	*776,467*	*1,226,410*	*13,567,904*

16 Inter-fund accounts

Group and charity	Unrestricted funds £	Restricted funds £	Special trust funds £	**Total 2021 £**
Amount due to Sheppard Trust (1133356)	—	730,252	(730,252)	**—**

Group and charity	*Unrestricted funds £*	*Restricted funds £*	*Special trust funds £*	*Total 2020 £*
Amount due to Sheppard Trust (1133356)	*—*	*749,190*	*(749,190)*	**—**

This amount represents the interest in the Trust's freehold property arising from the unamortised proportion of Housing Corporation grants received for their development.

This portion of the property's value demonstrably did not arise from the endowments of the charity and has therefore been transferred to the Incorporated Charity, represented as a debt due should the value of the property be crystallised.

17 Pension Scheme

From 1 October 2010, the Trust offers new joiners participation in the defined contribution section of the Social Housing Pension Scheme, having previously offered entry into the defined benefit section. The Trust closed the defined benefit section to new entrants at the same date.

Social Housing Pension Scheme (Defined Contribution)

This scheme is administered by The Pensions Trust and is a defined contribution scheme. The employer contribution rate payable by the Trust per annum is 6%.

Social Housing Pension Scheme (Defined Benefit)

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The latest estimated employer debt on withdrawal from the scheme, being as at 30 September 2020, is £234,151. (2019 - £255,802).

From 1 April 2019, the deficit contributions required from the charity were £8,442 per annum.

For financial years ending on or after 31 March 2019, it has been possible to obtain sufficient information to enable the Trust to account for the Scheme as a defined benefit scheme.
For accounting purposes, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Defined benefit liability

	2021 £	2020 £
Fair value of plan assets	**315,000**	281,000
Present value of defined benefit obligation	**(357,000)**	(313,000)
Deficit in plan recognised	**(42,000)**	(32,000)

Reconciliation of opening and closing balances of defined benefit obligation

	Year to 31 March 2021 £	Year to 31 March 2020 £
Defined benefit obligation at start of period	**313,000**	338,000
Current service cost	**8,000**	9,000
Expenses	**2,000**	2,000
Interest expense	**8,000**	7,000
Contributions by plan participants	**3,000**	3,000
Actuarial (gains) losses due to scheme experience	**(10,000)**	1,000
Actuarial losses (gains) due to changes in demographic assumptions	**2,000**	(4,000)
Actuarial losses (gains) due to changes in financial assumptions	**43,000**	(26,000)
Benefits paid and expenses	**(12,000)**	(17,000)
Defined benefit obligation at end of period	**357,000**	313,000

Reconciliation of opening and closing balances of the fair value of plan assets

	Year to 31 March 2021 £	Year to 31 March 2020 £
Fair value of plan assets at start of period	**281,000**	267,000
Interest income	**7,000**	5,000
Experience gain on plan assets	**19,000**	6,000
Employer contributions	**17,000**	17,000
Member contributions	**3,000**	3,000
Benefits paid and expenses	**(12,000)**	(17,000)
Fair value of plan assets at end of period	**315,000**	281,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £26,000. (2020 - £11,000).

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Defined benefit costs recognised in the statement of financial activities

	Year to 31 March 2021 £	Year to 31 March 2020 £
Included in expenditure on charitable activities		
Current service cost	**8,000**	9,000
Expenses	**2,000**	2,000
Net interest expense	**1,000**	2,000
Total expense	**11,000**	13,000

	Year to 31 March 2021 £	Year to 31 March 2020 £
Included in other recognised gains and losses		
Experience gains on plan assets	**19,000**	6,000
Experience gains (losses) arising on the plan liabilities	**10,000**	(1,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	**(2,000)**	4,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	**(43,000)**	26,000
Total (losses) gains	**(16,000)**	35,000

Assets

The charity's share of assets held within the Scheme at 31 March 2021 are shown below. None of the fair values of the assets include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

	2021 £	2020 £
Absolute Return	**17,000**	15,000
Alternative Risk Premia	**12,000**	20,000
Corporate Bond Fund	**19,000**	16,000
Credit Relative Value	**10,000**	8,000
Distressed Opportunities	**9,000**	5,000
Emerging Markets Debt	**13,000**	8,000
Global Equity	**50,000**	41,000
High Yield	**9,000**	**—**
Infrastructure	**21,000**	21,000
Insurance-Linked Securities	**8,000**	9,000
Liability Driven Investment	**80,000**	93,000
Liquid Credit	**4,000**	**—**
Long Lease Property	**6,000**	5,000
Net Current Assets	**2,000**	1,000
Opportunistic Credit	**9,000**	**—**
Opportunistic Illiquid Credit	**8,000**	7,000
Private Debt	**7,000**	6,000
Property	**7,000**	6,000
Risk Sharing	**11,000**	9,000
Secured Income	**13,000**	11,000
Total assets	**315,000**	281,000

17 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) *(continued)*

Key assumptions

	31 March 2021 % p.a.	31 March 2020 % p.a.
Discount rate	**1.86**	2.46
Inflation (RPI)	**3.40**	2.76
Inflation (CPI)	**2.74**	1.76
Salary Growth	**3.74**	2.76
Allowance for commutation of pension for cash at retirement	**75%**	75%

Mortality assumptions at 31 March 2021 imply the following life expectancies

	Life expectancy at age 65
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

18 Trustees and indemnity insurance

As a member of the National Housing Federation, the Trust was covered by a Directors and Officers Liability Insurance policy until 31 March 2021. The total amount of cover for the Trust was £5 million, subject to an annual aggregate limit of £30 million for the policy as a whole. From 1 April 2021 the National Housing Federation ceased to offer this cover and the Trust was covered by a Directors and Officers Management Protection policy with a total cover of £1 million for any one claim.

19 Contingent liability

The properties at Lansdowne Walk are owned by The Sheppard Trust, but refurbishments to them in the 1980s and 1990s were partially funded through a Housing Corporation Social Housing Grant amounting to £1.3 million. Should the properties at Lansdowne Walk be sold, repayment provisions for the total grant may crystallise resulting in an amount of up to £1,339,524 becoming repayable.

The Executive Committee has asked the Greater London Authority, the successor body to the Housing Corporation in London, to exercise its discretion to allow the Trust to defer repayment of the grant if it sells its present properties and uses the sale proceeds to develop replacement social housing.

20 Related party transactions

The charity owns the entire share capital in ST Property Company Limited (note 9b). During the year, the charity recharged costs of £51,591 (2020 - £49,851) to the company. At 31 March 2021, ST Property Company Limited owed the charity £1,719,618 (2020 - £1,618,027) relating to costs settled by the charity in order to support the company's cash flow needs.

Other than Executive Committee members expenses, as disclosed in note 7, there were no further related party transactions.